



## **Chapter XIII**

# **IT-Enabled Strategic Marketing Management**

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## **ABSTRACT**

*This chapter examines the applications of information systems in supporting marketing operational and strategic functions. It reviews the important role of marketing strategic function and reveals the current practice of database marketing, decision support systems, expert systems and Internet marketing through a number of studies conducted in the UK. It suggests that marketing executives tend to perceive the importance of the strategic role of marketing in shaping corporate strategy, but information technologies have not yet been fully applied to support the strategic function. It is proposed that a hybrid system that is capable of incorporating with executives vision and knowledge needs to be developed in order to systematically scan marketing environment, refine data into meaningful intelligence, and provide marketing executives with personalized strategic information. The problems for implementing the system are discussed.*

## **INTRODUCTION**

Marketing information systems has been discussed since the 1960s (Kotler, 1966; Cox & Good, 1967; Brien & Stafford, 1968; Fletcher, Buttery & Deans, 1988; Proctor, 1991). However, it is until the last decade that the marketing function has been increasingly supported or reshaped by information technology, for example, from database marketing to Internet marketing. This chapter aims to examine how the marketing functions at both operational and strategic levels has been supported by traditional and emerging information technologies, e.g., database technology,

decision support systems (DSS), expert systems (ES) and Internet technology. It will reveal the practical application of IT for marketing operations and management with a focus on the strategic application of marketing information systems (MkIS). It identifies and highlights the problems associated with the application by drawing evidence from both the literature and the empirical studies conducted by the authors in the UK. A hybrid strategic-oriented MkIS model for support marketing, strategic information scanning, and strategic decision making has been developed. The new configuration of the model and the challenges for implementing the model are discussed. An insight into the future role of IT-enabled strategic marketing is provided.

## THE DUAL FUNCTION OF MARKETING

Marketing typically includes activities such as direct selling, sales promotion, advertising campaign, distribution, new product development and marketing research. According to Kotler (1997), in order to meet changing customers' needs, organisations prepare an "offering mix" of products, services, and prices and utilise a "promotion mix" of sales promotion, advertising, sales forces, public relations, direct mail, telemarketing, and Internet to reach the trade channels and the target customers. Typically, organisations need to strategically make changes on their prices, sales forces, and advertising expenditure to match their business objectives. Winning organisations will be those who can meet customer needs economically and conveniently and with effective communication. The most common tool used by marketing managers is known as the 4Ps, i.e., the mix of product, price, place and promotion strategies. It is used as a tactical and strategic marketing tool manipulated by most marketing practitioners (Dibb, Simkin, Pride & Ferrell, 1997). Successful marketing activity relies as much on interaction and synergy between marketing mix elements. Frances et al. (1997) state that achieving that mix has to be an outcome of a wide framework of strategic marketing planning, implementation and control. Marketing activities must be looked at within the context of a coherent and consistent marketing mix.

However, when an organisation operates in a highly competitive market, the function-oriented marketing view exhibits its limitations on developing a capability to anticipate changing market needs and to respond to the changes rapidly via increased innovation. Criticism over the traditional "4Ps" has emerged. Mitchell (1993) argues that marketing has traditionally demonstrated a tendency to functional self-absorption that renders it increasingly irrelevant to the new environment and lacks sufficient responsiveness. Gronroos (1994) stresses that the marketing mix and its 4Ps constitute a production-oriented definition. The adoption of the marketing concept and the marketing orientation does not create nor bring into existence new business function, but it does call for a change in both focus and emphasis. Lynch (1994) argues that marketing functional focus is a very narrow perspective. It ignores the crucial fact that the most significant contribution which marketing brings to an organisation is not functional but attitudinal. He suggests that marketing should be an

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