Chapter 4
A Readiness Index for Marketing Analytics:
A Resource-Based View Conceptualization for the Implementation Stage

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ABSTRACT

The marketing analytics function has received increasing attention from managers as information processing has permeated all marketing domain. However, value is realized once data is properly processed and firms develop and activate consumers and customers' insights to make decisions, that is, during the implementation stage of the marketing analytics function. This study aims to propose a research model to analyse how ready are organizations to reap the benefits of implementing the marketing analytics function and understand its impact on the overall marketing performance. The model is derived from the Resource-Based view of the firm, a research perspective that argues that for a firm to reach a sustainable competitive advantage, its key assets –the marketing function– has to be: valuable, rare, inimitable, and the organisation has to be capable of exploit such assets. Managerial and research implications are discussed and further research avenues are offered.

INTRODUCTION

The marketing analytics function has received increasing attention from managers as digital marketing has expanded to become a wide marketing domain. Despite such expansion, only few organizations are able to act on competitive and timely insights from the data they collect, that is, during the marketing analytics implementation stage.

The complexity of the marketing landscape has evolved and managers need to trust in sound frameworks that enable them to assess their key assets, how to exploit them, and how to allocate resources into the overall marketing dimension. A readiness index comes in handy to provide answers to such managerial needs.

When analysing the implementation stage, market orientation, which is a construct focused on specific activities instead of philosophical concepts in order to facilitate the implementation of the marketing function (Kohli & Jaworski, 1990), can shed light on how to align organisational resources. From market orientation, marketing intelligence –"customers' verbalized needs and preferences" involving also exogenous influences, its dissemination, and organisational responses to it, have been considered moderators of the organizational performance (Kohli & Jaworski, 1990). Moreover, organisations with higher marketing orientation largely determine business profitability along with other business-specific and market-level influences. Particularly, customer orientation, competitor orientation, and the capability to organise the firm's resources to create more value play a role in building marketing orientation (Narver & Slater, 1990).

Marketing technology has evolved from basic applications of data base marketing (Kahan, 1998) to better understand the cognitive and behavioural patterns of consumers to novel applications of market research as automated online review analysis (Lee & Bradlow, 2011). Furthermore, Customer Relationship Management CRM has been one of the marketing technology domains more focused on cumulative data acquired form transactional interchanges between a customer and a supplier along time.

While there is a plethora of definitions to explain what are the reach and scope of marketing analytics, this paper defines all kinds of data analytics, involving consumers and customers, gathered from primary and secondary sources that comes from market research and transactional activity at customer level.

This study proposes a readiness index model to measure how ready are organizations to realize the benefits from implementing the marketing analytics function and understand its relationship with the overall marketing performance. From the perspective of the Resource-Based View (RBV) of the firm, this paper firstly attempts to answer if the marketing analytics function is a resource that generates sustained competitive advantage (SCA) to the firm. To achieve this first objective, this paper uses the VRIO framework proposed by the resource based view of the firm. Specifically, the VRIO framework analyses how valuable, rare, and organization-related are a resource in order to provide sustained competitive advantage. As the marketing analytics function is regarded as a resource that provides SCA, this paper then proposes a readiness index to implement such function. To achieve this second objective, this paper develops a literature review to bring the relevant conceptualizations on implementing and exploiting VRIO resources. Such review includes studies that analyses factors which are considered to influence implementation of the marketing analytics function. The comprehensive literature review indicates that RBV provides a sound theoretical model to frame the implementation stage of marketing analytics.

In summary, drawing from to RBV of the firm, this paper aims to:

1. Analyse the marketing analytics function in reference to the VRIO attributes, and
2. Develop a conceptual model to measure how ready organisation is to implement the marketing analytics function.

This paper is structured as follows: Section 2 reviews existing literature, conceptualizes marketing analytics implementation, and develops a set of research propositions interlinked in a conceptual framework. Next, Section 3 discusses the implications of the research framework ranging from model measurement and testing to implications for researchers. Some implications from marketing practitioners are discussed in Section 4. Finally, the paper concludes with some potential limitations and interesting research directions in Section 5.

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