



## **Chapter VIII**

# **Marketing Strategy: The Role of Information Technology-Enabled Capabilities**

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## **Abstract**

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*Because of (1) the boundary-spanning nature of the marketing function, and (2) marketing's evolution toward a dynamic, evolutionary process, and service-centered view, marketing strategy has come to be a core element of the firm's business strategy. That is, in an information-intensive, competitive marketplace, marketing strategy is responsible for ensuring that all aspects of a firm's marketing activities are focused on delivering superior value to customer. Further, recognizing information/knowledge and information technology (IT) as potential sources of competitive advantage, this chapter explores various IT-enabled capabilities that influence the firm's marketing strategy. In doing so, specific IT-enabled capabilities that correspond to Market Orientation Strategy, Relationship Marketing Strategy, Market Segmentation Strategy, and Brand Equity Strategy are presented and discussed. Finally, this chapter concludes with a call for strategically oriented research for exploring, conceptualizing, developing, and measuring IT-enabled capabilities that influence marketing strategy.*

## Introduction

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Over the last two decades, a number of scholars in the field of marketing have worked on the changing, evolving, and boundary-spanning role of marketing in the organization (Achrol, 1991; Day, 1994; Homburg, Workman, & Krohmer, 1999; Vargo & Lusch, 2004; Webster, 1992). These works suggest a significant role for marketing in business strategy. Achrol (1991) notes that, in the post-industrial era, marketing has become a critical managerial activity that is boundary spanning in nature. Webster (1992) advocates that marketing is the management function responsible for making sure that every aspect of the business is focused on delivering superior value to customers in the competitive marketplace. Day (1994) argues that market-driven organizations are superior to their competitors with reference to two marketing-related capabilities that influence the firm's overall strategy: market-sensing and customer-linking capabilities. Homburg et al. (1999) provide empirical support and claim that marketing has substantial influence on strategic decision making within the organization. Finally, in a recent award-winning and potentially seminal article, Vargo and Lusch (2004, p. 14) claim that marketing is evolving toward a dynamic, evolutionary process, service-centered view and, hence, "marketing should be positioned at the core of the firm's strategic planning." That is, as Hunt and Derozier (2004) note, there is a significant overlap between marketing strategy and business strategy. However, what role do IT and IT-enabled capabilities play in a firm's marketing strategy?

With the advent of the information-intensive economy, concepts such as "IT" and "IT capability" are gaining prominence. These phrases record approximately 93,000,000 and 5,200 hits, respectively, in a search engine. However, scholarly research has been somewhat slow in investigating these concepts. For example, EBSCO, an academic and business research database, records approximately 127,000 and 87 hits, respectively, for the same phrases. Specific to the field of marketing, over the years researchers have been showing an increasing interest in the role of information and/or IT in marketing strategy. However, researchers have mainly looked at IT from a tactical perspective rather than a strategic perspective. That is, "IT" has often been looked at as a tool that helps marketing decision makers. Nonetheless, in the last decade, some marketing researchers have begun to investigate the role of IT-related capabilities in marketing strategy success (e.g., Day, 1994; Hunt, Arnett, & Madhavaram, 2006). In fact, Varadarajan and Jayachandran (1999) identify IT as strategy content that, in today's economy, demands the attention of scholarly research. Therefore, in this chapter, we explore and discuss how IT relates to some of the common forms of marketing strategies and the corresponding IT-enabled capabilities with reference to the different marketing strategies.

The chapter is organized as follows: First, we provide the necessary background for the chapter along with a definition for *IT-enabled capability*. Second, we trace the role of IT with reference to the marketing function. Third, we discuss four specific forms of marketing strategy: relationship marketing strategy, market segmentation strategy, market orientation strategy and brand equity strategy. In this section, we discuss the roles of various IT-enabled capabilities with reference to each of the four forms of marketing strategy. Fourth, we conclude with a discussion of the contributions of this chapter and future research directions.

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