Marketing as a Determinant of Long-Run Competitive Success in Medium-Sized U.K. Manufacturing Firms

Roger Brooksbank
David Kirby
George Tompson
David Taylor

ABSTRACT. Over the last decade or so, many studies have highlighted the important role that marketing plays in contributing to a firm's competitive success. Thus, this article aims to examine the contribution of marketing to the competitive success of forty two British medium-sized manufacturing firms at two time points, 1987/88 and 1997/98, in order to determine any success factors that are durable over time. The investigation is based on mail surveys and in-depth interviews undertaken within the same set of firms at both dates. The findings identify eight specific marketing practices that might well be described as key determinants of success. However, they also draw into question several of the traditional tenets of successful marketing.

1. Introduction

Earlier (1987/88) research published in this journal (Brooksbank, Kirby and Wright, 1992) found a wide range of strategic marketing activities to be associated with higher performing (1), medium sized manufacturing companies in the U.K. However, one of the key weaknesses of this paper, and of many such "success" studies which have been undertaken over the last decade or so, is that they serve only to provide a "snapshot" of successful marketing practice at one point in time (see for example, Hooley and Jobber, 1986; Narver and Slater, 1990; Lai et al., 1992; Shaw, 1995). Consequently, the goal of the current study is to compare and contrast the findings from the original 1987/1988 research with those of an identical study carried out ten years later in 1997/98, within the same sample of firms. The underlying research question is: Are there a set of marketing practices, durable over time, that are associated with high performance among British medium-sized manufacturing firms?

2. Research methodology

The research on which this article is based follows precisely the methodology adopted in the 1987/88 study (Brooksbank et al., 1992). In 1987 1,460 medium-sized manufacturing firms (2) had been selected randomly from a commercial database (ICC Ltd.) of 85,000 companies registered in Great Britain as of April 1987 and surveyed using a mailed questionnaire developed following an extensive review of both the empirical and normative literature. It elicited 231 fully completed responses (a response rate of 16.9 per cent) and this was followed by in-depth interviews with the Chief Marketing Executives of 20 randomly-selected sample firms in order to provide a more qualitative insight into the quantitative findings derived from the postal survey.

In the autumn of 1997, almost exactly 10 years after the original survey, a repeat postal survey was conducted. Of the original 231 firms surveyed, 131 were identified as being "live" and an identical questionnaire to that used in 1987 was sent to them. After two reminder letters a total of 42 fully completed questionnaires were received,

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Roger Brooksbank and David Taylor
University of Waikato
New Zealand

David Kirby
Surrey European Management School
University of Surrey
Guildford, Surrey GU2 5XH
England
and
University of South Australia

George Tompson
University of Tampa
U.S.A.

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representing an effective response rate of 43 per cent (3). As previously, follow-up interviews were also conducted by the same interviewer using the same interview guidelines as had been employed ten years earlier.

The original sixteen research hypotheses form the basis of this study. These hypotheses propose a positive association between firm performance and specific marketing practices. To test these hypotheses, two different correlation matrices were generated, one using Kendall's tau, the other using Spearman's rho (rank-ordered correlation). In both data sets, the results were identical using both techniques. According to Liebetrau (1983, p. 87) Kendall's tau can be unstable when the data are categorised into a small number of groups, which is true of these data. Thus, Spearman's correlation coefficient is presented in the tables below. The dependent variable of performance was a mean of the four measures of performance (profit, sales volume, market share and return on investment (ROI)). These were self-reported measures relative to that of the firm's main competitors. The mean of the four items was used as the dependent variable rather than the individual measures. This choice was made because the intention was to use a holistic measure of performance that reflected multiple perspectives.

3. Sample characteristics

In the first section of the survey, respondents provided profile data to describe the basic characteristics of the sample. Table I contains a summary of these characteristics. A few trends are noteworthy: for example, average turnover grew by 149% during the ten years (no allowance made for inflation), but the average number of employees per firm grew by only 6.3%. In 1987 the average firm generated £39,992 in sales per employee but, by 1997, this figure had increased to £88,185 (again, no allowance made for inflation). This would suggest that the sample firms became more productive during the decade 1987–1997. Second, profitability did not increase during the period – in fact it diminished slightly. Average ROI decreased by 2% and average earnings before tax (EBT) decreased from 17.5% in 1987 to 12.4% in 1997. So, while the sample firms apparently made improvements in productivity, the lower profitability ratios suggest that many manufacturers may have been under price pressure, possibly due to offshore competition, or factors beyond the scope of this investigation.

Other important features of the sample are also evident, as shown in Table II. First, for many of the firms, their main industry focus changed during the course of the decade. In 1987, all were (by definition) focussed on repeat industrial goods such as ball bearings, adhesives and chemical products. By 1997, however, only 50% of the sample identified that category and 21% were primarily focussed on capital industrial equipment, such as plant and heavy machinery. Second, ownership of the sample firms became slightly more European, as approximately 11% of the sample changed from British offshore ownership. However, by 1997, 60% of the sample was still British owned. Another noteworthy trend is that the data reflected a change in the corporate level strategy of the sample firms. In 1987, all the respondents considered their firms to be single-business dominated. Over the ten year period, however, 12% of the firms scaled back to become single-product dominated, but 47% diversified to become multi-business organisations. Perhaps this trend was to be expected, since it adheres to theory about corporate level strategy – that as a firm faces more rigorous competition, performance suffers, and the firm could seek to spread its risk by

TABLE I
Basic sample characteristics

	Employees	#Marketing employees	Turnover (£000s)*	EBT (£000s)	ROI
1987 mean	205	12.5	7,581	1,324	22.5%
1997 mean	218	11.2	18,876	2,333	22.1%

* Inflation not taken into account.

TABLE II
Other selected sample characteristics

Characteristic	% of 1987 sample	% of 1997 sample
Size		
Fewer than 150 employees	31%	36%
Fewer than 300 employees	81%	81%
Industry		
Repeat industrial goods	100%	50%
Capital industrial equipment	0%	21%
Ownership		
U.K. owned	71%	60%
American owned	7%	14%
Japanese owned	2%	2%
Other European owned	14%	24%
Autonomy		
Fully independent	24%	29%
Autonomy, but part of a group	76%	57%
Under control of a larger group	0%	14%
Diversification		
Single product dominated	0%	12%
Single business dominated	100%	41%
Multi-business	0%	47%

diversifying into additional businesses (Barney, 1997).

4. Research findings

In the original article, sixteen hypotheses were presented in six categories relating to the key stages in the marketing planning process. Accordingly, the current findings are presented in relation to each of these six categories.

Hypotheses relating to business philosophy (H1 and H2)

To test the hypothesis that the higher performing companies give a higher priority to marketing in their overall business approach [H1], the mail survey asked respondents about the role of marketing compared with the other business functions in their overall corporate planning activities. Similarly, to examine the hypothesis that they are more likely to define their marketing activities as customer driven [H2], the mail survey asked about their marketing approach, and whether or not it reflected an essentially functional view or a broader, more cross-functional view, reflecting an entire business philosophy. As Table III reveals, neither of these was found to be correlated with company performance in either 1987 or 1997. By contrast, however, it is interesting that both sets of personal interviews were much more supportive of the notion that higher performing companies are likely to be more marketing-oriented. When asked "what is the key task of marketing in your company?", the executives from the lower performing firms emphasised the need to make sales. In contrast, their counterparts in the higher performing firms tended to answer in broader terms, emphasising a longer-term perspective, and the responsibility that marketing had for ensuring the firm's future success. Selected responses from both 1988 and 1998 are shown in Table IV.

Hypotheses relating to strategic analysis (H3–H7)

To test the hypothesis that higher performing firms are more formal marketing planning oriented [H3], the survey examined the extent of formal marketing planning i.e. "little or none", "limited to

TABLE III
Findings relating to business philosophy

Hypotheses	1987		1997	
	N	Spearman correlation	*N*	Spearman correlation
H1: Role of marketing	42	0.091	42	–0.024
H2: Approach to Marketing	42	–0.148	42	–0.042

** $p \leq 0.01$; * $p \leq 0.05$.

TABLE IV
The key task of marketing (personal interviews)

High Performers 1988	Low Performers 1988
"Planning all our efforts so that we keep going in the right direction."	"To sell more than we did last year!"
"Marketing has to make sure we always keep one step ahead of our competitors."	"Marketing has the responsibility for selling our products in sufficient volume to make a profit."
High Performers 1998	**Low Performers 1998**
"Customer satisfaction – it's not on people's business cards but we all do it"	"Everything! We see ourselves as a marketing organisation that just happens to make hydraulic equipment."
"Promoting, exhibiting, selling, negotiating, account management; they are all key tasks for us."	"Spotting new sales opportunities and expanding our customer-base."

annual budgeting", "a separate annual plan", or "longer term plans". Interestingly, as shown in Table V, a significant correlation was found to exist (at the 1% level) between company performance and formal planning in 1987, but not in 1997. Perhaps the apparent inconsistency can be explained, at least in part, by the personal interview findings which, in both 1987 and 1997, suggested that there was a good deal of variation in the use and interpretation of the word "formal". The process of longer-term strategic marketing planning was rarely described as "formal" by most interviewees. Typically, longer term plans of a "strategic" nature were described as being different from "formal" planning because they were not "numbers-oriented", and with respect to this type of planning, in both 1988 and 1998, the higher performing companies were clearly more active. Indeed, in 1998, all five of the executives from the higher performing firms said that a good deal of time and effort was devoted to long-term strategic planning. Usually this comprised frequent, informal "strategy meetings" between all senior managers, which often included key customers and suppliers . . . "*we think that preparing for our battles is more important than fighting them*" said one Marketing Director . . . "*and for us that means a lot of creative thinking and discussion – perhaps as much as ten percent of our time would be spent on thinking*."

To test the hypothesis that high performing medium sized firms pay more attention to a comprehensive situation analysis [H4], respondents were asked to indicate the importance their company attached to carrying out five types of situation analysis: (i) internal (company); (ii) competitor, (iii) market, (iv) customer, (v) wider business environment. However, Table V shows that none of these analyses were found to be significantly significant in both 1987 and 1997, although the higher performance businesses were found to be more likely to attach a greater importance to a market analysis in 1987 and to an internal analysis in 1997 (both were significant at the 5% level). Nonetheless, it is interesting to note that the personal interviews revealed little noticeable change in the respondents' attitude towards conducting a situation analysis over the ten year period. In general, it seemed the executives from the lower performing firms viewed the process of undertaking a situation analysis on a more simplistic level than was the case for their counterparts in the higher performing firms. Indeed, it appeared that they were more oriented towards collecting information for tactical, rather than strategic purposes. For example, invariably an "internal analysis" would simply mean keeping track of sales and cost information for control purposes. Likewise, information on competitors was typically limited to salesforce feedback, with customer and market information restricted to reading trade journals and occasionally buying-in commercially available market reports. By contrast, executives from the higher-performing firms reported a more comprehensive approach, and in 1998, especially with respect to the time

TABLE V
Findings relating to strategic analysis

Hypotheses	1987		1997	
	N	Spearman correlation	*N*	Spearman correlation
H3: Extent of formal marketing planning	40	–0.367**	42	–0.147
H4: Extent of internal analysis	40	0.195	42	0.278*
H4: Extent of competitor analysis	40	0.148	42	0.206
H4: Extent of market analysis	41	0.299*	42	0.114
H4: Extent of customer analysis	41	0.171	42	0.226
H4: Extent of wider business analysis	41	–0.038	42	0.102
H5: Use of SWOT analysis	41	0.292*	42	0.068
H5: Use of experience curve	40	0.311*	42	0.297*
H5: Use of product life cycle	41	0.213	42	0.157
H5: Use of product portfolio matrices	41	0.446**	42	0.137
H5: Use of PIMS	40	0.389**	42	0.132
H5: Use of marketing audit	40	0.086	42	–0.108
H6: Extent of proactive planning	41	–0.278*	42	–0.339*
H7: Amount of internal marketing research	41	0.288*	42	–0.292*
H7: Amount of external marketing research	41	0.006	42	0.152

** $p \leq 0.01$; * $p \leq 0.05$

and effort invested in undertaking an internal analysis. Without exception, these executives stressed the importance of recognising, maintaining, and enhancing their company's distinctive capabilities and marketing assets, and making the most of them as a source of competitive advantage.

To determine whether the higher performing medium sized firms are more aware and make a greater use of strategic planning tools [H5], the mail survey asked respondents about their awareness and usage levels of six marketing planning tools: SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis, the experience curve, PLC analysis (Product Life Cycle), portfolio planning matrices, the PIMS study (Profit Impact of Marketing Strategy), and the Marketing Audit. As Table V reveals, whereas the use of four of the six tools was statistically correlated with high performance in 1987 (SWOT, experience curve, portfolio matrices and PIMS), only the use of the experience curve was found to be significantly related to higher performance in both 1987 and 1997 (at the 5% level), suggesting this to be a true determinant of competitive success over the ten year period. Interestingly, such an assertion was strongly supported by the personal interviews. Executives from the higher performing companies in both 1988 and 1998 not only displayed a greater understanding and appreciation of the meaning of the term, but were also (for the most part), quick to point out its importance in helping to secure superior operational efficiencies within a competitive industrial environment. Indeed, typically, the higher performing firms would compare their own cost structures against those of key competitors by purchasing, analysing, and then "reverse engineering" competitive offerings, in order to build up a picture of volume and cost profiles which could then be used as an aid to both strategic and operational decision making. Perhaps it is also pertinent to note the importance of one other "analytical tool" frequently highlighted by executives from the higher performing firms in both 1988 and 1998: the use of simple discussion. The necessity to use discussion in order to make the most of everyone's knowledge, experience, expertise and judgement when undertaking all aspects of a company's strategic analysis, was a commonly cited theme among the top performers.

To test the hypothesis that high performing enterprises adopt a more pro-active approach to the future [H6], mail survey respondents were asked to indicate if they: – monitored events and adapted their plans accordingly; forecasted how the future is likely to unfold and planned accordingly; or projected future possible scenarios and planned to make one of them happen. As Table V shows, a more pro-active planning approach was found to be significantly correlated with higher performance in both 1987 and 1997 (at the 5% level). This finding is certainly consistent with the personal interviews, which clearly indicated, in both 1988 and 1998, that the higher performers spent a good deal more time and effort thinking about and discussing their company's ability to compete in the future. It is particularly notable that executives from the higher performing companies would typically use the term "scenario planning" or "scenario building" in describing their company's approach to planning for the future. Indeed, in view of the increasingly rapidly changing business environments, it is perhaps not surprising to find the high performers to be more future-oriented in this way.

To test the hypothesis that the higher performing firms make greater use of marketing research in their planning activities [H7], mail survey respondents were asked to differentiate between market research carried out by themselves and that which was commissioned-in from outside agencies. As Table V reveals, unlike commissioned-in marketing research, which was not found to be statistically correlated with the higher performers in either 1987 or 1997, self-generated research was indeed found to be statistically correlated (at the 5% level) at both time-points. Furthermore, the interviews showed that not only did the high performers carry out more marketing research themselves, but they also conducted a greater variety of research, including questionnaire surveys, telemarketing research, focus group sessions and personal interviews, together with a far greater use (in 1998) of the Internet as a marketing research tool.

Hypotheses relating to marketing objectives (H8 and H9)

To determine whether the higher performing firms set longer term profit objectives [H8], the mail survey enquired about the length of the time horizon to which five types of objectives were geared: profitability, sales, market share, cash flow, and ROI. Table VI shows that, apart from a significant statistical correlation with longer-term market share objectives in1997 (at the 5% level), none of the other correlations were significant statistically. Likewise,as Table VI shows, with regard to the hypothesis that higher performing firms set more offensive, aggressive marketing objectives [H9], there were no positive findings with regard to the level of aggressiveness with which the study sample set their objectives. By way of explanation, it seems reasonable to assume that in general, medium-sized companies may be less prone to adopting an offensive stance due to their relatively smaller resource-base and capacity for "influencing" their markets; a factor which may well be reflected in their objective-setting activities. Similarly, perhaps, such an observation would also be consistent with an earlier observation that these companies see themselves operating

TABLE VI
Findings relating to marketing objectives

Hypotheses	1987		1997	
	N	Spearman correlation	*N*	Spearman correlation
H8: Time horizon of profitability objectives	40	0.195	42	0.039
H8: Time horizon of sales objectives	40	0.257	42	–0.074
H8: Time horizon of market share objectives	39	0.136	42	0.286*
H8: Time horizon of cash flow objectives	40	0.130	42	0.146
H8: Time horizon of ROI objectives	40	0.061	42	0.028
H9: Aggressiveness of objectives	39	–0.160	42	–0.188

** $p \leq 0.01$; * $p \leq 0.05$.

amidst an increasingly unpredictable and fast-changing competitive environment in which it would be unrealistic for them to set either particularly aggressive or long term objectives.

Hypotheses relating to marketing strategy (H10–H13)

There is no consensus in the literature on the types of market potentially most attractive to the medium-sized firm. For many commentators it is believed that high growth markets offer more opportunities for the smaller, more agile companies to compete via innovation and catering for specialised market needs. The alternative view, however (Woo and Cooper, 1984), is that lower growth markets, with greater standardisation and lower levels of product and process change, are most suitable due to their greater stability, thereby allowing firms to define and protect market positions more easily.

In order to examine the hypothesis that higher performing firms tend to be located in more "attractive" growth markets [H10], survey respondents were asked to indicate the nature of their main market in terms of eight descriptors, namely (i) plc stage, (ii) diversity of customer needs and wants, (iii) changes in customer requirements, (iv) degree of technical change, (v) degree of competitive rivalry, (vi) changes in competition, (vii) extent of barriers to entry, (viii) extent of barriers to exit. However, Table VII shows that none of these environments were statistically correlated with higher performing companies in 1987, although markets with a lower degree of technological change and with lower barriers to entry were found to be significant (at the 5% and 1% levels respectively) in 1997. It must be concluded, therefore, that over the ten year period as a whole, competitive success is more related to the quality of marketing strategies and their implementation, than it is to the characteristics of the markets in which firms choose to locate themselves. It is notable, nonetheless, that by 1997, the personal

TABLE VII
Findings relating to marketing strategy

Hypotheses	1987		1997	
	N	Spearman correlation	*N*	Spearman correlation
H10: Rate of market growth	41	–0.082	42	0.211
H10: Diversity of customer needs and wants	41	–0.018	42	–0.024
H10: Changes in customer needs	40	0.128	42	0.000
H10: Degree of technological change	41	–0.133	42	0.263*
H10: Degree of competition	41	–0.092	42	–0.208
H10: Amount of competitive rivalry	40	–0.199	42	–0.080
H10: Barriers to entry	41	0.019	42	–0.055
H10: Barriers to exit	39	–0.017	42	0.391**
H12: Product performance	41	0.179	42	0.303*
H12: Product quality	41	0.566**	42	0.265*
H12: Product design	41	–0.083	42	0.116
H12: Personal selling	41	–0.195	42	0.350*
H12: Advert. & promotion spending	41	0.067	42	0.330*
H12: Advert. & promotion content	41	–0.038	42	0.171
H12: Distribution	41	0.236	42	0.140
H12: Dealer/Distributor support	41	0.218	42	0.242
H12: Finance & credit provision	41	0.156	42	0.316*
H12: Company/brand reputation	41	0.528**	42	0.362*
H12: Price	41	–0.080	42	–0.261*
H13: New product development	41	0.149	42	0.109
H13: New business methods development	40	–0.145	42	–0.373**

** p = 0.01; * p = 0.05.

interviews indicated some support for the view that an "attractive" market is seen as one with greater stability. Certainly, it was clear that the higher performers were paying much more attention to thinking about their future strategies; something which inevitably includes "*the deliberate choice of selected target markets deemed to be more attractive*", as one interviewee put it.

Table VIII shows there is no statistical support for the hypothesis that higher performing firms have a strategic focus based on raising volume rather than improving productivity [H11]. Although the majority of companies (an average of 82% in 1987, and an average of 74% in 1997) seem to adopt an approach based on raising volume, no statistically significant differences between the various performance groups emerged for either time period. Nonetheless, it appears that productivity improvements do play a more important role than the mail survey findings alone might imply. All of the interviews from the high performing firms indicated that while the primary emphasis was on raising volume, a simultaneous and on-going focus on productivity improvements was also pursued. Notably, when describing their firm's choice of strategic focus, those from the higher performing businesses seemed much more knowledgeable, committed and informed about alternative routes to profitability, besides the "traditional marketing approach" of volume increases.

To test the hypothesis that higher performing firms compete on the basis of value to the customer rather than price [H12], respondents to the mail survey were asked to indicate how their company's offerings compared with their major competitors (either "we are superior", "about the same", or "we are inferior") on product (performance, quality, design), service (after sales, finance and credit provision), promotion (personal selling, advertising, reputation) and place (distribution, dealer/distributor support). Additionally, respondents were asked to indicate whether their price levels were "higher", "about the same" or "lower". Table VII shows that the results largely support hypothesis 12, revealing a statistically significant correlation, in both 1987 and 1997, with product quality (at the 1% and 5% level respectively), and company/brand reputation (at the 1% and 5% level respectively). None of the other marketing mix variables emerged as significant at both time points, including price. Indeed the interviews provided a good deal of further support. In both 1988 and 1998 all executives from the higher performing firms clearly emphasised that their competitive advantage was based on the provision of superior customer value. Also, when asked to define what was meant by the term "product quality" the high performers defined it much more in terms of value to the customer and not just technical excellence alone (although this was considered important). Interestingly, in relation to product quality, an impression was formed that the higher performers paid much more attention to their R&D and manufacturing capability. Four out of five of the executives from the high performers in 1998 explained, in some detail,

TABLE VIII
Performance and strategic focus [H11]

	% high perform		% average perform		% low perform	
	1987	1997	1987	1997	1987	1997
Product and market development	75	69	94	67	78	85
Cost control and productivity gains	25	31	06	33	22	15

	1987	**1997**
N =	39	40
Chi-square =	2.20	1.24
DF =	2	2
p-value =	0.332	0.524
Cells w/EF ≤ 5	3	3

that their company had seen fit to completely re-equip their factories over the ten year period of this study.

It was apparent from the personal interviews that the high performers ensured that their company had a good company/brand reputation, and made this a high priority. This was achieved by managing all of the elements of the marketing mix to this end, but especially their communication and promotional activities. For example, in 1988 the executives from the high performing firms talked more enthusiastically about the importance of maintaining frequent interaction with customers than did their lower performing counterparts, in particular through the use of telemarketing. In 1998, this theme was again more noticeable, and especially with regard to their use of the Internet as a means by which to keep close to customers. When asked about promotion and the role of the Internet, a response typical of an executive from the high performers was the following remark by one Sales and Marketing Director: "*our priority has always been to be the most polished, most personalised, most conversational, most professionally presented and represented company in our industry: and through the years we've developed a comprehensive database of customer information to enable us to do that. Right now though, I must say that we see our website as the most important way for us to talk to existing customers and to build relationships with them.*"

The hypothesis that the higher performing medium-sized firms innovate more frequently than the lower performing companies [H13] was tested by asking the survey respondents about two types of innovation, namely (i) their approach to developing and marketing new products and (ii) their approach to developing and introducing new ways of doing business. The results are shown in Table VII which reveals that, while a significant correlation was found in 1997 with regard to innovating new ways of doing business (at the 5% level), no other relationships emerged. Nonetheless, the executive interviews did suggest a discernible difference in one aspect of innovation between the two groups, and at both time points. When asked to discuss the meaning of "innovation" in their organisation, those from the high performing firms always gave a more expanded answer, alluding not only to new product development and new ways of doing business, but also to new process innovations in their factories and manufacturing methods. Clearly, this interpretation of the term was not accommodated for within the questionnaire, and serves only to underline another of the many limitations of the mail survey method (Brooksbank et. al., 1992).

Other information gleaned from the personal interviews with regard to strategic decision-making suggested that, increasingly, the route to success is being characterised by two trends. First, the ability to re-segment the market, narrow the target, and to become more focussed on serving selected large corporate customers with innovative and highly customised products and services. Notably, however, this highly focussed marketing approach is not seen typically as "partnering" or forming "strategic alliances" in any strict or formalised sense. As one executive put it, "*partnering is purely about developing personal links, at different levels, with our customers and suppliers – it's more a contract of understanding, than a written contract in any formal sense*". In fact, the successful firms view their independence and subsequent "strategic flexibility" as of paramount importance. Further, it is interesting to note that every executive from the higher performing firms talked about the fact that such a strategy was being facilitated, indeed driven, by rapid technological advancements, and particularly in their manufacturing processes in the factory. Notably, this is a finding commented upon elsewhere (Jones-Evans and Kirby, 1995; Kirby and Jones-Evans, 1997). The second trend was the achievement of sales growth through the acquisition of smaller players in the marketplace, rather than by virtue of an aggressive sales drive. Indeed, four of the five executives from the high performing firms explained that their organisation had recently acquired an existing business. Not only was this seen as the most cost effective way of adding innovative products to their range of offerings, but it was also seen as an "easier" and quicker approach to gaining new customers, compared with attempting to win new customers amidst a competitive marketplace.

Hypotheses relating to marketing organisation (H14 & H15)

As Table IX reveals, no statistically significant relationship exists between company performance and the simplicity of the marketing organisational structure (all products under one manager, versus three other options given). Therefore, the hypothesis that the higher performers have a simpler marketing organisational structure [H14] is not supported. Nonetheless, it is noticeable that an average of 45% of all firms surveyed across both time points reported all of their products being under the control of one manager. This indicates that perhaps many of these businesses were neither large enough nor diverse enough to justify more complicated organisational structures.

When the Executive interviewees were asked to explain, in some detail, the structure of their marketing organisation, one major difference did emerge, however, between the higher and lower performers, in both 1988 and 1998. Whereas the majority of those representing the lower performing firms described more of a pyramid-style, hierarchical structure, typically involving many middle managers playing a pivotal role between the Senior Marketing Executive and other marketing staff, those from the higher performing firms described a different structure. Theirs was a flatter structure, with fewer managerial "layers". The interviews suggested that a flatter structure helped improve internal communications, increase operational efficiency (through a reduction in bureaucracy) and promote a greater overall feeling of "involvement" in running the business among staff.

The hypothesis [H15] that the higher performing companies have more flexible marketing organisations was tested by asking respondents about three aspects of organisational flexibility: (a) the use of temporary forms of organisation, (b) the extent to which job responsibilities tend to overlap both within and between marketing and other business functions, (c) the degree of formality/informality in information/communications links between marketing and other business functions. As shown in Table X, although a number of statistically significant correlations were found to exist in 1987 alone (the use of temporary organisations, and the extent of job overlap between functional areas) and in 1997 alone (the extent of information/communication links, both within the marketing function, and between the various functional areas), the extent of job overlap within marketing was found to be significantly related to higher performance in both 1987 and 1997 (at the 5% level respectively).

Indeed, when executives were questioned about the flexibility of their organisation's marketing organisation, it became apparent that the high performers attached a much higher priority to cultivating marketing staff who were typically described as "all rounders" in their profile of skills and abilities. This was achieved by means of a greater emphasis on staff training and development as well as a kind of "buddy system" which ensured that each person's job role could be covered by at least one other member of staff as

TABLE IX
Performance and organisational structure [H14]

	% high perform		% average perform		% low perform	
	1987	1997	1987	1997	1987	1997
All products under one manager	62	31	44	27	56	46
Other	38	69	56	73	44	54

	1987	**1997**
N =	40	40
Chi-square =	1.14	1.27
DF =	2	2
p-value =	0.563	0.529
Cells w/EF ≤ 5	2	2

TABLE X
Findings relating to marketing organisation

Hypotheses	1987		1997	
	N	Spearman correlation	*N*	Spearman correlation
H15: Use of temporary organisations	41	0.440**	42	0.045
H15: Extent of job overlap within marketing	40	0.327*	42	0.302*
H15: Extent of job overlap between functions	40	0.302*	42	0.171
H15: Extent of links within marketing	41	0.143	42	0.307*
H15: Extent of links between functions	41	–0.190	42	0.323*

** $p \leq 0.01$; * $p \leq 0.05$.

and when the need arose. Likewise, at both time points, executives from the higher performing firms were more inclined to describe the importance of an "open" working environment, with two-way communication between all levels in the management hierarchy. Such an environment was felt to enable opinions to be vented freely and honestly, to encourage constructive criticism and ideas, and generally to provide the necessary conditions for a more participatory and team-like approach to decision-making.

Hypotheses relating to marketing control (H16)

To determine whether the higher performing firms make greater use of marketing information systems [H16], respondents were asked about their use of two types of information systems: (a) market research for control purposes; (b) on-going marketing intelligence-gathering systems. With regard to the usage of market research for control purposes, respondents were asked to report the extent to which their company carried out four types of research: (i) formal customer satisfaction surveys, (ii) investigations into customer complaints/warranty claims, (iii) follow-up analyses into reasons for lost order/business, (iv) research into market share movements.

Table XI shows that with regard to the use of market research, no statistically significant correlations emerged which were common to both time points. It is noteworthy, nonetheless, that conducting research into market share movements was found to be statistically correlated with the higher performers in the 1997 study. With regard to the usage of an on-going marketing intelligence-gathering system, respondents were asked to report the extent to which their firm monitored developments in four areas: competitor behaviour, customer behaviour, technological change and business/economic trends. Table XI shows that no statistical correlations were found at either time point with respect to the monitoring of wider business/economic trends, and that monitoring changes in customer behaviour was found to be correlated with higher performance in 1997 alone. However, Table XI also reveals that in 1987 and again in 1997, the extent to which competitive behaviour and technological changes are monitored were both found to be statistically correlated with higher performance (at the 5% and 5% level respectively in the case of the former, and at the 5% and 10% level respectively in the case of the latter). Interestingly, at both time points, the executive interviews suggested that for just about all firms, the most important mechanism for marketing intelligence-gathering was seen as their sales force reporting procedures. In this respect, however, the higher performing firms, as a group, differed from the others, both in terms of the range of information covered and its detail. Information was collected in all of the key areas, (i.e. customers, competitors and markets) via daily and/or weekly report forms, and was compiled customer by customer, prospect by prospect, and for each and every product area within the firm's portfolio. This information would then be disseminated throughout the organisation (a process facilitated by their more "open" organisational structure/ greater staff involvement in planning and decision-making). Little other additional information was gleaned from the personal interviews relating to

TABLE XI
Findings relating to marketing control

Hypotheses	1987		1997	
	N	Spearman correlation	*N*	Spearman correlation
H16: Extent of use of Customer satisfaction surveys	41	0.066	42	0.224
H16: Extent of investigation into customer complaints	41	0.154	42	0.020
H16: Extent of analysis into lost orders	41	0.143	42	0.061
H16: Extent of Research into market share changes	41	0.152	42	0.304*
H16: Monitoring changes in competitors	41	0.296*	42	0.290*
H16: Monitoring changes in customers	41	0.019	42	0.299*
H16: Monitoring changes in technology	41	0.287*	42	0.202•
H16: Monitoring business trends	41	0.154	42	0.041

** $p \leq 0.01$; * $p \leq 0.05$; • $p \leq 0.10$.

proposition 16, except that most of the executives interviewed from both performance groups and at both time points, tended to describe their research and intelligence-gathering as taking place as and when required. For example, most marketing intelligence-gathering was typically referred to as "an old fashioned filing cabinet system" based on the ad hoc collection of relevant information from a variety of sources.

5. Conclusion

According to Siu and Kirby (1998), the most appropriate form of research into small firm marketing involves a quantitative dimension that enables an examination of the strategy-performance relationship, plus a qualitative dimension that facilitates an investigation into the underlying implementation processes involved. For this research, it has been shown that, as in the earlier study (Brooksbank, Kirby and Wright, 1992), a combination of these approaches has indeed proved valuable, especially since it would appear that among medium sized enterprises in Britain there is still not necessarily a uniform understanding of either the concepts or the terminology of marketing, particularly with respect to the meaning of "marketing orientation", "formal marketing planning", and "innovation". Even so, despite these and other limitations, such as the possible bias resulting from non-response, it would seem that the more successful (higher performing) medium-sized manufacturing firms employ a considerable number of what may be termed "key marketing success practices" (i.e. those espoused in the normative and prescriptive literature). Indeed, eight such practices have been identified. They are:-

1. The use of the "experience curve" concept when conducting a situation analysis.
2. The adoption of a pro-active planning approach.
3. The use of self-generated marketing research for planning purposes.
4. An ability to offer superior quality products.
5. A focus on maintaining a good company/brand reputation.
6. A high level of "job overlap" within marketing.
7. The monitoring of competitive behaviour.
8. The monitoring of technological change.

Apparently then, the more successful firms demonstrate a better understanding than their poorer performing counterparts of the key marketing principles, as well as a greater consistency in their application over time. Nevertheless, the fact that only a relatively small proportion of the research propositions have been fully supported by these findings draws into question several of the traditional tenets of "successful marketing", at least as they relate to medium sized manufacturing firms. Despite the fact that there was a higher frequency of positive correlations in 1987 and 1997 than was true for both time points, there are a number of so called "success practices" which, it seems, are highly debatable in the sense that they cannot be substantiated on the basis of the evidence presented here. Indeed, it is perhaps particularly pertinent to note that in most cases, these were the same practices that were similarly questioned in the 1987/88 study (Brooksbank, Kirby and Wright, 1992).

In overall conclusion, therefore, it would seem that, in the context of organisational growth and development, the traditional marketing model developed for larger companies, is not entirely necessary or applicable for medium-sized enterprises, and that there is still much scope for further research in what remains a relatively under-researched area. Clearly, the contribution of "marketing success factors" to business success needs to be related more directly to different industrial settings, strategic environments and individual company circumstances, while there is an equal need to examine some of the new and emerging factors, such as the forming of strategic alliances or networks (Das and Teng, 1998; Gulati, 1998). Undoubtedly the basic principles of marketing are likely to remain fundamental to competitive success in the years to come, but it would appear that the business environment at the turn of the millennium is itself forcing a change in what it takes to become and stay successful. As noted by Ridderstrale and Nordström (2000), for example, the pace of change is such that past success strategies are now becoming obsolete at breathtaking speed. This means that "*The emerging strategic priorities for tomorrow's firms focus on speed of response, customizing products and services, enhanced information . . . and the search for higher standards of quality*" (Doyle, 1998, p. 439). Perhaps it is hardly surprising, therefore, that over the last decade or so, these are precisely the areas that this research has shown to be differentiating, already, the most "successful" British medium-sized manufacturing firms from the rest.

Notes

[1] There is no standardised, uniform definition of "higher performing firms". As in the original study (Brooksbank et al., 1992) performance was measured against four variables – profit, sales volume, market share and return on investment (ROI)). The firms were invited to self-report their performance relative to that of their main competitors. High performing firms performed "better" than their competitors on all four indicators. Clearly there are problems with self-reporting such as this but in the absence of published industry sector data, and given the sensitivities involved in securing such information, the approach was felt to be an acceptable alternative that would not jeopardise, unduly, the response rate.

[2] Medium-sized businesses were defined, in 1987, as those employing between 100 and 500 staff, with a turnover of between £2.5 million of £20 million and with one product line accounting for 70 per cent or more of total company sales (Brooksbank, 1991).

[3] While the response rate and sample size are adequate for a study such as this, clearly there are likely to be issues of non-respondent bias. In the original 1987 survey, it was determined that there was no statistically significant difference between the responding and the non-responding firms. It was not possible to ascertain this in the 1997 study and despite efforts to ensure the response rate for the 1997 survey was as high as possible, the level of non-response means that some sample selection bias is possible. However, the 42 firms used in this study are the same for both surveys, ensuring comparability.

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