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Knowledge Management and Marketing

*Marketing Assets and Capabilities As A Source of* Achieving Competitive Advantage: A Theoretical Model

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# Table of Contents

Abstract

Introduction

Objectives of this paper

Knowledge Management and Marketing

Marketing Assets and Capabilities

Defining Marketing Assets and Capabilities

Marketing Assets and Capabilities and Competitive Advantage

Developing Research Model and Hypotheses

Conclusions

Future Research Agenda

References
Abstract

Knowledge management and marketing are one of the fundamental areas to study and research in today’s management field. This paper explores the interdependent relationship between the knowledge management and marketing as a strategic source of achieving and sustaining competitive advantages in highly competitive business environments. The aims of this paper are first, to understand and reveal the interrelated and interdependent relationship between knowledge management and marketing. Second, recognizing the impact of marketing assets and capabilities on organizations’ performance measured by financial and non-financial dimensions. Third, developing a comprehensive theoretical model for the proposed relationship between marketing assets and capabilities and companies’ performance. Fourth, identifying further research agenda that need to be recognized in future research endeavors in the Arab World in general and in Jordan in particular. The marketing assets and capabilities are intangible assets, skills, resources and competencies that enable an organization to provide superior customer value better than competitors in the marketplace. Such marketing assets and capabilities become a key determinant of achieving and sustaining competitive advantages when they provide superior customer value, and they cannot be imitated or matched by competitors in the marketplace. Based on the marketing assets and capabilities literature review this paper has developed a model that explores the proposed relationship between marketing assets and capabilities and organizational performance mediated by providing superior customer value. The developed model needs to be investigated and validated in several business environments especially in the Arab World with a special focus on the Jordanian business environment. Moreover, this paper has responded to important calls forwarded by several knowledge and marketing authors to investigate this topic as one of the top areas to study and research. Consequently, this paper recommends conducting research projects that aim at investigating marketing knowledge, especially marketing assets and capabilities, on organizational performance in different business environments in the Jordanian economy and the Arab World.
Introduction

Most of today’s organisations’ are practising their operations in complex, turbulent and rapidly changing business environments. Competitive pressures, changing customers needs and wants, and huge advances in technological progress, rapid political changes, global and regional trade agreements and others are the reasons for which every company inevitably needs to develop a body of knowledge to remain competitive or to improve its performance. Such forces place huge demand on organizations to remain flexible and responsive to handle fierce competition. In the past, organizations developed a variety of techniques to enhance their abilities to react and cope with such pressures, including, total quality management, business process re-engineering, relationship marketing and recently e-marketing. However, the ability of such approaches often appeared limited and temporary in achieving sustained competitive advantages.

The most common theme among such approaches is how organizations create and sustain competitive advantage over time. Strategists in both management and marketing fields have started to rethink ideas about competitiveness to achieve sustained competitive advantages including, Porter’s competitive strategies, market orientation, and strategy-structure–performance. Such strategists claim that their theories have served as key determinants of competitive advantage. However, a major shift has happened in both strategic management and marketing thinking from traditional ideas to focus on organization’s internal resources as a key source of competitive advantage. This new theory is the resource-based view of the organization. The resource-based theory of the organization focuses on superior organizational resources and capabilities as the key source of achieving and sustaining competitive advantage. Further, resources are the main sources of an organization’s capabilities; meanwhile capabilities are the key source of its competitive advantage.

In the context of resource-based theory, information and knowledge have become as important sources of competitive advantages. This leads to the knowledge-based view that is acknowledged as the most valuable organizational assets. The knowledge-based view includes skills or know-how, assets and capabilities. Consequently, knowledge management requires an organization’s to acquire and accumulate
knowledge across functional areas and integrate it with its resources and competencies to achieve superior competitive advantage e.g., superior customer service. Marketing assets and capabilities are one of the most fundamental parts of an organization’s knowledge that leads to create, achieve and sustain competitive advantage. Consequently, this paper focuses on knowledge management and marketing as interrelated areas in contemporary businesses. Therefore, the topics of this paper are introduction, objectives of this paper, knowledge management and marketing, defining marketing assets and capabilities, marketing assets and capabilities and competitive advantage, developing research model and hypotheses, conclusions and future research agenda.

Objectives of this Paper

The objectives of this paper are:
1. To understand and reveal the interrelated and interdependent relationship between knowledge management and marketing.
2. To provide a thorough literature review concerning the critical role of marketing assets and capabilities as a significant source of achieving and sustaining competitive advantages.
3. To recognize the impact of marketing assets and capabilities on organizations’ performance measured by financial and non-financial dimensions.
4. To develop a comprehensive theoretical model for the marketing assets and capabilities and their relationship with companies performance.
5. To identify further research agenda that need to be recognized in future research endeavors in the Arab World and Jordan.

Knowledge Management and Marketing

Every individual, organization and government recognizes the fact that we live in the knowledge economy edge. The era of the global knowledge economy views the fact that the survival and development modern organization requires and demands of managers a disciplined and effective approach to discover, understand and apply new knowledge and ideas. To achieve this they must develop a climate of enquiry that builds a capacity to help people think both rationally and critically about approaching events (Drucker 1999; Garvey and Williamson 2002).
In the era of knowledge economy, modern organizations have become complex, diverse and multidisciplinary. Modern organizations encounter fierce competition in local and global markets, and face a complex set of environmental factors especially high degrees of uncertainties. However, to survive and continue in their businesses organization must manage, utilize and develop their body of knowledge that have accumulated over years to achieve their long-term objectives in the knowledge management era. Managing knowledge involves creating an environment within a company that facilitates the creation, transfer and sharing of knowledge. Consequently, organization should focus their efforts on creating an appropriate organizational culture and provides effective leadership. Knowledge management is increasingly becoming a very critical source in gaining and sustaining competitive advantages (Kermally, 2002).

Examining the knowledge management literature review has revealed that it has become one of the top areas to study and research in today’s management field. Moreover, knowledge management has become one of the most important sources that leads to achieve superior performance and a sustained competitive advantage. This is evidenced by increasing the numbers of book published in this topic and a considerable body of research that has been carried out in the field of knowledge management all over the world. The knowledge management has been viewed as one of the intangible assets a company possesses. It is concerned with creating an exciting environment within the company that will promote the creation and transfer of knowledge. Therefore, it is about changing corporate culture, visionary leadership, motivated staff, loyal customers and the systems and processes that facilitate these things to happen (Kermally 2002). Indeed, knowledge management covers all aspects with an organization and it is a strategic weapon that any modern organization should seek to acquire and accumulate to achieve superior performance.

There has been much debate between knowledge management authors concerning its link with company performance and achieving sustained competitive advantage. Del-Rey-Chamorro et al, (2003) developed a framework for knowledge management to achieve improved performance in the engineering industry. Their framework encompasses strategic and operational levels in engineering organizations. They claim
that their formwork of knowledge management is expected to improve the performance of the business processes to again competitive advantage.

Adams and Lamont (2003) developed a theoretical model claiming that there is a relationship between knowledge management systems and the development of sustainable competitive advantages. They further argue, “the development of a competitive advantage in specific functional areas does not ensure the stability of this competitive advantage over time” (Adams and Lamont, 2003. P.143). The authors focus on building and bundling knowledge management systems in the company and share them with its resources and competencies. This view is clear when the authors state, “the bundling of knowledge management systems with other firm resources and core competencies is the key to developing and maintaining sustainable competitive advantages” (Adams and Lamont, 2003. P.143). On the other hand, Mason and Pauleen (2003) have carried out a qualitative study to reveal middle managers perceptions of knowledge management implementation in New Zealand organization. The study revealed that the way managers manage themselves and their organization are perceived to be the biggest barriers to knowledge management implementation.

Although most of the above literature review of knowledge management claims that it is critical to improve performance and a key source of achieving and sustaining competitive advantages. Researchers in the management field argue that current research into knowledge management fails to recognize and offer a detailed and comprehensive understanding about the role of knowledge in improving companies performance and achieving competitive advantages (Kalling, 2003). Kalling argues that the knowledge management literature has relatively little to offer an explicit connection between knowledge at performance. He further argues that the literature of knowledge management focuses on the nature and attributes of knowledge and the management of learning; however, research in these areas should focus on the factors that enable knowledge to contribute to organization performance and achieving a sustainable competitive advantage. Kalling provides a linear model of knowledge includes three parts, which are knowledge development, knowledge utilization and knowledge capitalization. His study revealed that link between knowledge and performance is not automatic; it needs knowledge exploitation (Kalling, 2003).
The discussion of above literature of knowledge management indicates that it is a key source of achieving competitive advantages in the marketplace. Furthermore, the above authors did not agree on a comprehensive model of knowledge management that leads to sustained competitive advantages. But they agreed on the fact that the relationship between knowledge management is neither direct nor simple. This implies that more research and investigation on this relationship is critically needed.

However, it is important to state at the outset of this paper that the knowledge management literature review that has been discussed is exclusive rather than inclusive. The reason is that the aim of this paper is concerned with knowledge management and marketing, therefore, the focus is going to be on relevant marketing literature that is related to knowledge management. The literature of knowledge management (e.g. Kermally 2002, Garvey and Williamson 2003, Barnes, 2002, Kalling 2003, Kakabadse et al 2003) indicates that it consists of the amount of intangible knowledge accumulated and created in several functional areas in the organization. This body of knowledge across functional areas does not work separately but it requires knowledge management systems to interact and integrate this knowledge with the organization resources and competencies to create a sustainable competitive advantage. Examining the above literature indicates that knowledge management frameworks and models seem to be general at the whole organizational level without explicit directions toward knowledge management in the functional areas in the organization e.g., marketing, production and operations...etc. More specifically, there have not been research projects or trials that aim to develop a body of literature for marketing knowledge in modern organization. Marketing knowledge is one of the fundamental areas of knowledge management to achieve and maintain a sustained competitive advantage in the marketplace (McDonald 2002, Havanich et al 2003, Herder et al 2003). The rational for this argument is that marketing is the most important business function that connects the organization with its customer’s in the marketing (e.g., McDonald 2003, Kotlor 2003).

The knowledge management and marketing knowledge are considered of real value to the organization when they are able to create and sustain competitive advantages for the organization against competitors over time. There is no argument among knowledge and marketing author concerning this issue. The argument is concerned
with what makes, creates and sustains a competitive advantage for the organization. The marketing literature indicates that the organization achieves and sustains competitive advantages when it is able to do more or better or than its competitors in the marketplace and is able to provide value for customers that’s its competitors cannot match or recognize (Day and Wensley 1988, Barney 1991, Bharadwaj et al 1993, Day 1994, Hooley et al 1999, McDonald 2002).

Based on the above argument, it is argued that marketing knowledge is the most fundamental aspect of knowledge management that leads to sustained competitive advantages. The body of marketing knowledge literature is fragmented and needs to be developed. For example, Hanvanich et al (2003) tried to reconceptualize the meaning and domain of marketing knowledge, Herder et al (2003) provided a knowledge management framework for new product introduction, and Kermally (2002) focused on understanding employees and customers with the context of effective knowledge management. Consequently, there is a critical need to develop a body of literature concerning marketing knowledge in the modern organization. Further, marketing assets and capabilities are a crucial part of an organization’s marketing knowledge to achieve sustainable competitive advantage over time. Therefore, this paper focuses on marketing assets and capacities to develop an organization marketing knowledge to achieve a sustainable competitive advantage.

Marketing Assets and Capabilities

Defining marketing Assets and Capabilities

Contemporary organisations should have a number of marketing assets and capabilities that enable to achieve superior performance in a very dynamic and competitive business environment. It is important to define marketing assets and capabilities. Examining the marketing assets and capabilities literature has revealed that there is no one definition that has been agreed on what marketing assets and capabilities are nor agreed definition. Consequently, it will be beneficial to present some definitions forwarded by marketing authors chronologically as follows:
Moller and Anttila (1987, p.187) defined marketing capability, as “the marketing capability of a firm is a multi-faceted phenomenon”. They viewed marketing capability as a complex combination of human resources or assets, market assets, and organisational assets of a firm. Human assets are the number of personnel responsible for marketing-related decision-making activities. Market assets are the position of a firm in its market. For instance, marketing strategy, number and quality of key customer relationships, distribution channels …etc.

Barney (1991, p. 101) defines the firm resources as “all assets, capabilities, organisational processes, firm attributes, information, knowledge, etc. controlled by a firm that enable the firm to conceive of and implement strategies that improve its efficiency and effectiveness”.

Day (1994, p.38) defines marketing assets, as “the resource endowments the business has accumulated (e.g., investments in the scale, scope, and efficiency of facilities and systems, brand equity, and the consequence of location of activities for factor costs and government support)”.

Day (1994, p.38) defines marketing capabilities, as “marketing capabilities are the glue that brings these assets together and enables them to be deployed advantageously”. Therefore, the major difference between marketing assets and capabilities is that marketing capabilities are highly intangible and cannot be easily imitated or traded as can tangible plant or equipment.

Consequently, a broader definition for marketing capabilities was put forward by (Day 1994, p.38) who defines it as “marketing capabilities are complex bundles of skills and accumulated knowledge, exercised through organisational processes, that enable firms to coordinate activities and make use of their assets”. Capabilities and organisational processes are closely entwined, because it is the organisation’s capability that enables the activities in a businesses process to be carried out (Day 1994).

Chang (1997, p. 237) defines marketing capability as “a firm’s ability to promote and sell various products and services that satisfy the needs of target consumers and the
profitability objectives of the company. Marketing capability is measured by a firm’s ability to develop its marketing mix for selling products effectively in target markets. The key elements of the marketing mix are a broad range of products, relatively low prices, better use of sales force and of advertising and promotion, better service, global brand image and self-controlled distribution channels”.

Vorhies et al (1999, p. 1175) define marketing capabilities as “the integrative processes designed to apply the collective knowledge, skills, and resources of the firm to the market-related needs of the business, enabling the business to add value to its goods and services and meet competitive demands”.

Menon et al (1999, p. 22) define marketing assets and capabilities as “the historical and ongoing core marketing-related processes, resources, and skills based on which the marketing strategy is based” (Bharadwaj et al 1993; Day 1994).

More recently, Hooley et al (2001, p. 7) define marketing assets, as “Marketing assets are the resource endowments the firm has acquired or built over time and what can be deployed to advantage in the marketplace”.

The above marketing authors did not agree on a specific definition for marketing assets and capabilities, however, there are themes that are worth mentioning among the definitions:

A. Marketing assets must be accumulated over time through making investments in different aspects of marketing activities in the organization.
B. Marketing assets and capabilities are embedded in the fabric of the organisation, which cannot be easily imitated or traded by competitors.
C. Marketing assets and capabilities are a critical source of achieving a competitive advantage.
D. Marketing assets and capabilities are an organization’s knowledge, skills, and resources entwined together to achieve its objectives.
E. Marketing assets and capabilities are difficult to identify across an organization because a very few number of marketing assets and capabilities can be a source of achieving a competitive advantage.
Marketing Assets and Capabilities and Competitive Advantage

This section provides the relevant marketing assets and capabilities literature review that views them as a critical source of achieving a competitive advantage in modern organisations. Moller and Anttila (1987) have suggested comprehensive overview of marketing capability, which is a complex combination of its human, market, and organisational assets employed in the external and internal working-related domains. They divided marketing capability into internal marketing capability and external marketing capability. First, external marketing capability that is concerned with the capability of the organisation to conduct a full and comprehensive analysis of macro industry environment characteristics through a thorough monitoring, analysing, and understanding of these aspects. Second, internal marketing capability, which consists of the following:

a. Marketing capability and strategic management. It is concerned with ability of the organisation to handle marketing and market oriented strategic concepts and tools to determine its mission, market segmentation, the development and maintenance of a competitive advantage, and the development of subsequent business strategy.

b. Marketing capability and integration of key function of the firm. It is concerned with the critical role of marketing in the integration between different functions of business. The mismanagement of the organisation’s functional relations can seriously hamper the performance of the firm.

c. Marketing capability and marketing management. It is the organisation’s capability in managing and directing the different aspects of marketing management, marketing segmentation, and marketing programmes.

d. Marketing capability and operation management.

Moller and Anttila (1987) carried out a study among 36 Finnish and Swedish companies by using the case study approach. The authors developed a marketing capability framework, which could be used as a qualitative tool for examining “state-of-the-art” of marketing in small manufacturing companies. Applying the above marketing capability framework on Finnish and Swedish case companies has revealed that marketing capability has had a crucial role on those companies success; performance. Another crucial result is that companies in different industries in
different competitive positions need different profiles of marketing capability (Moller and Anttila 1987).

In the sense of asserting the importance of marketing assets and capabilities, Day and Wensley (1988) have recognized that superior skills and resources represent the ability of a business to do more or better (or both) than its competitors (superior skills and resources reflect critical sources of competitive advantage). These skills and resources reflect the pattern of past investments to enhance competitive position (Day and Wensley 1988). “Superior skills are the distinctive capabilities of personnel that set them a part from the personnel of competing firms” (Day and Wensley 1988, p. 2-3). Some of the benefits of the superior skills arise from the ability of the firm to perform its individual functions more effectively than other firms. For instance, the organisation’s systems and structure those enable a firm to adapt more responding and foster to changes in market requirements. Superior resources are more tangible requirements for advantage that enable a firm to exercise its capabilities (Day and Wensley 1988).

Barney (1991) has discussed firm’s resources and sustained competitive advantage. He focuses on the resource-based view of competitive advantage which examines the link between a firm’s internal characteristics and performance. In analysing sources of competitive advantage the resource-based view of the firm has two alternate assumptions: first, resource-based view assumes that firms within an industry or group may be heterogeneous with respect to the strategic resources they control. Second, resource-based assumes that these resources may not be perfectly mobile across firms, and this heterogeneity can be long lasting.

Barney (1991) classifies the resources into three categories, namely; physical capital resources, human capital resources, and organisational capital resources. A firm has a sustained competitive advantage when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors and when those other firms are unable to duplicate the benefits of this strategy. Barney argues that firms cannot expect to obtain sustained competitive advantages when strategic resources are evenly distributed across all competing firms and highly mobile. Then,
there is a crucial role for the firm’s resources heterogeneity and immobility as sources of sustained competitive advantage (Barney 1991).

Based on the above resource-based view, the conception of and implementation of strategies employs various, heterogeneous, and immobile firm resources which are able to keep a sustained competitive advantage. It is important to note that not all firm resources have the potential of sustained competitive advantage. In order to have this advantage, firm resources must have four attributes:

a. It must be valuable; it should exploit opportunities and/or neutralises threats in a firm’s environment;
b. It must be rare among a firm current and potential competition;
c. It must be imperfectly imitable; and
d. It cannot be strategically equivalent substitutes for this source that are valuable but neither rare nor imperfectly imitable.

Bharadwaj et al (1993) focussed on key success factors which express a relationship between the performance of business, in terms of competitive advantages, and the cause of that performance in terms of assets and skills. The identification of the success factors must lead to investment in the assets and skills that are necessary and sufficient for achieving a successful position (dynamism of key success factors). The key success factors are resources which have the highest leverage on achieving a competitive advantage. The study highlighted the importance of making investments in the drivers of competitive advantage. Based on a qualitative study the authors developed a model of sustainable competitive advantage for service industries. The model contained two main categories (Bharadwaj et al 1993):

A. Drivers and processes/capabilities of competitive advantage. They are concerned with (a) assets e.g., IT systems, (b) unique skills e.g., people-oriented; commercial and technicians, relational marketing skills, (c) organisational culture, and (d) the organisation’s human resource management e.g., flexible organisation, teamwork.

B. Necessary requirements for competitive advantage-key success factors. They are concerned with key success factors which contribute to creating superior customer value; explicit service quality, total solution, and timely and empathetic design of new services. Furthermore, the study revealed that the most critical and important
asset and component in creating value for customers is the “people” in the organisation who make the difference.

However, one of the strongest insights into the crucial role of marketing assets and capabilities on achieving superior performance and a competitive advantage has come from Day (1994) in his seminal article on the marketing capabilities of market-driven organisations. Day argues that organisations that are better equipped to respond to their market requirements and anticipate changing conditions are expected to enjoy long-run competitive advantage and superior profitability. Day (1994) argues that marketing assets and capabilities which are given by the emerging of capabilities or resource-based theories (Barney 1991) are related to sources of competitive advantage. The major difference between marketing assets and capabilities is that marketing capabilities are highly intangible and cannot be easily imitated or traded as can tangible plant or equipment. Capabilities and organisational processes are closely entwined, because it is the organisation’s capability that enables the activities in a businesses process to be carried out (Day 1994).

Capabilities are complex because they are deeply embedded within the fabric of the organisation, which creates great difficulties for management to identify these capabilities. Another area of difficulty and complexity in the identifying the organisation capability is that capabilities are intangible and tacit e.g., people’s skills and tacit knowledge, technical systems, values, norms...etc. Every organisation requires many capabilities in order to carry out its necessary activities to move its products or services through the value chain. The focal point it that a few capabilities must be superior if the business is to outperform the competition. These capabilities are the distinctive capabilities that support a market position that are valuable and difficult to match. These capabilities must be managed with special care through the focussed commitment or resources, assignment dedicated people, and continued efforts to learn, supported by dramatic goals for improvement (Day 1994).

The most critical test of the distinctiveness of capabilities is whether they make a disproportionate contribution to the provision of superior customer value (from the customer’s perspective) or permits the business to deliver value to customer in an appreciably more cost-effective way. Consequently, distinctive capabilities are key
success factors for organisation. Another critical test for the distinctiveness of capabilities is to test whether capabilities can be readily matched by rivals; distinctive capabilities are intangible and difficult to imitate, then, they must resist imitation (Day 1994).

Furthermore, Day (1994) argues that the strategic value of capabilities lies in their demonstrable contribution to sustainable competition advantages and superior profitability. Day (1994, p. 40) states “it is not possible to enumerate all possible capabilities, because every business develops its own configuration of capabilities that is routed in the realities of its competitive market, past commitments, and anticipated requirements. Nevertheless, certain types of capabilities can be recognised in all businesses, corresponding to the core processes for creating economic value”.

Broadly, Day (1994) classifies capabilities into three categories depending on the orientation and focus of the defining processes, as follows:

A. First, inside-out capabilities. They are activated by key market requirements, competitive challenges, and external opportunities. For example, human resource management (recruiting, training, and monitoring employees), and transformation process.

B. Second, outside-in capabilities. The purpose of these capabilities is to connect the process that defines the other organisational capabilities to the external environment, and enable the business to compete by anticipating market requirements a head of competitors and creating durable relationships with customers, channels members, and suppliers (customer linking capabilities and market linking capabilities).

C. Third, spanning capabilities. These capabilities are needed to integrate the inside-out and outside-in capabilities. For example, capabilities of strategy development, new service development, customer service, price setting, and order fulfilment are critical activities that must be informed by both external (outside-in) and internal (inside-out) analyses (Day 1994). “Spanning capabilities are exercised through the sequences of activities that compromise the process used to satisfy the anticipated needs of customers identified by the outside-in capabilities and meet the commitments that have been made to enhance relationships” (Day 1994, p.42).
Doyle (1995) on his discussions on the determinants of performance has pointed out to some critical issues which have an impact on performance. In order to create high performance, management has to resolve three issues:

a. There is a strategic issue of determining what products and markets to focus efforts on.

b. Management needs to identify those capabilities to invest in—what are the key factors which lever high levels of perceived value. It is the firm’s specific skills and its ability to motivate its people to harness these skills energetically to deliver superior value to the customer.

c. The organisation needs to have strategic intent which is concerned with the ambition of commitment to use these skills to delight the customer with products and services which are demonstrably superior in value. Doyle (1995) has asserted the central importance of building and having core capabilities, which provide a very important source of competitive advantage.

Menon et al (1999) have recognized marketing assets and capabilities as a fundamental part of marketing strategy formulation and implementation. Other marketing authors e.g., Piercy (1998, 1999) McDonald (2002) have recognized the crucial importance of marketing assets and capabilities to the successful implementation of marketing strategies to achieve an organization objectives. Therefore, the organisation may have well researched and innovative (sound) market strategies but if these strategies have a poor fit with the organisation’s capabilities, systems, policies, culture, then, the marketing strategies cannot be successful (Piercy 1998, 1999, McDonald 2002).

Berry (1999) carried out a study on 14 service organizations that achieved a superior performance to reveal lessons learned from them. He found that one of the significant lessons is making investments in employees’ success; continuous investments in people’s talents, skills, knowledge, and capabilities (Berry 1999). Therefore, a firm’s marketing capabilities are developed when its marketing employees repeatedly apply their knowledge and skills, intangible resources, to solving the firm’s marketing problems. Marketing capabilities are not resources in and of themselves, but are the integrative processes by which resources are applied to add value to the resource inputs (Vorhies et al 1999).
Vorhies et al (1999) have broadly investigated the marketing capabilities of market-driven firms in which they investigated six areas of marketing capabilities. These marketing capabilities are:

1. Market research capabilities.
2. Pricing capabilities.
3. New product development capabilities.
4. The management of the firm’s channels of distribution capabilities.
5. Promotion capabilities.
6. Finally the marketing management capabilities which are focused on the customer acquisition management, the management of marketing programmes, and the ability to coordinate actions among the diverse elements in the firm needed to implement a marketing programme.

Vorhies et al (1999) have carried out a study among the marketing executives of relatively large manufacturing and service firms with Australian operations. The study revealed that the companies, which were described as market-driven, had higher levels of all six marketing capabilities than those that were described as less market-driven firms. More importantly, the two highest scores were given for market research capabilities and marketing management/planning capabilities, which are crucial to the success of market-driven businesses. Another important result was that the market-driven businesses significantly outperformed the less market-driven businesses across different performance dimensions. However, one of the recommended further research area is broadening the definition of marketing capabilities beyond the six areas investigated in this study, and a broader operational definition and conceptualisation of marketing capabilities is needed (Vorhies et al 1999).

The resource-based view theory characterises firms as heterogeneous bundles of resources and rent seekers, aiming their strategies at obtaining superior performance (Day and Wensley 1988; Barney 1991; Bharadwaj et al 1993; Day 1994). Consequently, that the resource-based view theory emphasises firm’s specific-resources as key drivers of success in organisations. These resources are a market-oriented organisational culture, knowledge-related resources (market sensing capability, imitation capability and organisational innovativeness), and reputational
assets (it is the reputational knowledge that is created and lies in the minds of customers). Knowledge-related resources are very important sources of competitive advantage and superior performance, because they are socially complex, difficult to observe and monitor (Olavarrieta and Friedmann 1999).

De Chernatony and McDonald (1998) have discussed the organisation’s marketing assets. They state “it must be recognised that the ability of the business to produce offerings that meet real needs will generally be limited to very specific areas”. “More practically, what we find is that an organisation’s skills and resources are the limiting factor determining its ability to meet market place needs” (De Chernatony and McDonald 1998, p. 8). Marketing should be seen as the process of achieving the most effective deployment of the firm’s assets (marketing assets) to achieve the overall corporate objectives. De Chernatony and McDonald (1998) mean by marketing assets are not those in the balance sheet of the business-financial assets, but assets mean here non-financial assets which are concerned with marketing assets. This is clear when De Chernatony and McDonald (1998) state “in fact, the marketing assets of the business are of fore greater importance to long-run health of the business yet paradoxically rarely appear in the balance sheet. Ultimately, the only assets that have value are those that contribute directly or indirectly to profitable sales, now or in the future” De Chernatony and McDonald 1998, p. 8).

De Chernatony and McDonald (1998) have categorised the organisation marketing assets into six main categories as follow:

1. Market `franchise`-the organisation ability to own certain parts of the market. The loyalty of customers and distributors is important here.
2. Distribution network. Has the company established channels of distribution that enable it to bring products or services to the market in a cost-effective way?
3. Market share, the organisation market share in the market place that comes from the effect of experience and economies of scale.
4. Superior relationships.
5. Customer relationships.
6. Technology base.
Hooley et al (1999) have discussed the resource-based view (RBV) that has originally been developed in the field of strategic management. Recently, the RBV has been embraced by a number of researchers in the marketing strategy (Hooley et al 1999) as a potential explanations of marketing effects on performance and the route of sustainable competitive advantage (Day and Wensley 1988; Webster 1988; Bharadwaj et al 1993; Day 1994; Olavarrieta and Friedmann 1999; Hooley et al 1999; Hooley et al 2001).

Hooley et al (1999) argue that little empirical work has been carried out to test the relationship between marketing capabilities and firm performance (Hooley et al 1999). Hooley et al (1999) state, “the topic of RBV is relatively simple. In the strategic management literature it is seen as a theory of competitive advantage. The theory assumes that the desired outcome of managerial effort within the firm is the creation of a sustainable competitive advantage (SCA), which in turn will result in the achievement of superior performance. The theory then focuses on how firms achieve and sustain advantages” (Hooley et al 1999, p. 260).

Hooley et al (1999) summarise that, according to the resource based view, the route of achieving SCA lies in the possession of certain key resources which have the characteristics of (Hooley et al 1999):

a. Adding value for customers; through lower prices, superior quality, or greater benefit.
b. Having barriers to duplications; immobility across firm boundaries and difficulty for competitors to imitate or replace by substitute processes.
c. Being appropriate.

The resources may be assets (tangible and intangible assets) or capabilities (the skills to create, nurture and deploy assets). Hooley et al (1999) have developed a hierarchal model of marketing capabilities. The model categorises marketing capabilities into three main categories as follows:

a. Marketing culture capabilities, it is concerned with market orientation, strategic priorities are survival, and strategic priorities are long-term building of marketing position.
b. Strategic marketing capabilities, it is concerned with relative product quality, relative service quality, and relative prices.

c. Operational marketing capabilities which can be classified into outside-in capabilities through understanding of customer needs and wants, company and/or brand reputation, and close relationships with value customers; inside-out capabilities, a cost advantage in production, superior internal information systems, and superior product design capabilities; spanning capabilities that is concerned with speed of reaction to customer requirements, proactive new product/service to lead the market, and competitive pricing.

The proposed model of marketing processes and capabilities proceeds from the firm’s marketing culture to marketing strategy formulation to operational implementation in a hierarchal manner. They carried out a study in three countries in Central Europe; Hungary, Poland, and Slovenia. The study was carried out in both services and goods sectors; retailing and electronics industries. The study sample was 1619 respondents. Its aim was to examine the relationship between marketing capabilities and firm performance. The study found that marketing capabilities were important in contributing to the explanation of superior competitive performance. Marketing capabilities at the level of culture and strategy are particularly useful in explaining performance. The strategic marketing capabilities (competitive positioning related to both product and service quality) contributed to explaining performance but the contribution was not strong. The marketing capabilities at the operational level were not strong in explaining the variance of companies’ performance. Furthermore, the outside-in and spanning marketing capabilities (located at the operational level) appeared more significant contributors to performance than inside-out capabilities (Hooley et al 1999).

Furthermore, Hooley et al (1999) recommended further research in the marketing capabilities area when they state, “further research into the nature and measurement of marketing capabilities would be fruitful area of investigation. While the higher level capabilities such as market orientation have been the subject of a great deal recent research and are hence considered relatively robust measures, the measurement of operational capabilities is more open to question. This a potentially fruitful area for further research” (Hooley et al 1999, p. 274). In the same spirit, they state, “Despite
the above limitations and calls for further research we believe there is much value in pursuing the interpretation of the resources based view of the firm into mainstream of marketing strategy thinking” (Hooley et al 1999, p. 274).

In the same context, Fahy et al (2000) view that “understanding the determinants of superior business performance is a subject of regular debate and of central interest to both researchers and practitioners”. There has been much attention to focus in idiosyncratic nature of the firm’s resource endowments and how these resources can be deployed to gain positions of competitive advantage…RBV. Fahy et al (2000) examined the relationship between the firm’s marketing capabilities and it’s overall performance. The study was carried out in Central Europe; Hungary, Poland, and Slovenia. The study sample was 1619 respondents. The study revealed that firms with foreign participation did outperform better than each of the other firm types across the different performance criteria. The study found that of marketing capabilities are key determinants for ensuring a firm’s future prosperity. The firms with the foreign participation are able to develop a sophisticated level of marketing capabilities with a resulting positive impact on both financial and market performance. It is explained by the notion that marketing capabilities by their nature are very difficult to duplicate. Marketing capabilities are characterised by high level of tacitness and complexity (Fahy et al 2000).

Consequently, the resource-based view highlights the importance of key resources in achieving a competitive advantage. In the context of competitive positioning and firm performance, Hooley et al (2001) discuss what they call market-focused resources. Market-focused resources are those resources that can create value in the marketplace. Marketing assets and capabilities are considered important types of market-focused resources. Marketing assets can be divided into tangible and intangible assets. The tangible assets are the most difficult for competitors to copy or imitate. Marketing assets may include (1) customer-based assets such as company name and reputation, branding, market knowledge, customer relationships…etc. (2) distribution assets. (3) Internal assets such as cost advantage, information systems, technological skills (Hooley et al 1998; Olavarietta and Friedmann 1999). Marketing capabilities are those activities (glues) that bind them together and facilitate their effective deployment in the marketplace (Day 19994; Hooley et al 1998; Fahy et al 2000; Hooley et al 2001).
Fahy et al (2000) argue that there has been much focus on the idiosyncratic nature of the firm’s resource endowments and how these resources can be deployed to gain positions of competitive advantage-resource-based view of the firm (Fahy et al 2000). However, Hooley et al (2001) have proposed some opportunities for research in strategic marketing. One of the proposed research agenda is marketing assets and capabilities as they state “marketing assets and capabilities have been considered from a theoretical perspective over the last decade. There has been little systematic attempt, however, to measure these phenomena. Scales are needed to enable use to measure and assess the effects (Hooley et al 2001, p. 15).

A critical examination on the marketing literature review in the Arab World, especially on the Jordanian literature, has revealed that there is almost no research projects have been carried out neither to examine the relationship between marketing assets and capabilities and organizations performance nor to identify the marketing assets and capabilities that achieve a competitive advantage. However, up to the knowledge of the authors there are few exceptions. Akroush (2003) carried out a research project in the field of marketing strategy formulation and implementation to examine their impact on organizations performance in the insurance industry in Jordan. One of the crucial results of the research is that there is a strong and significant relationship between marketing assets and capabilities and organizations performance assessed by financial and non-financial dimensions. Further, marketing assets and capabilities (if they are available during marketing strategy implementation) are the strategic link between marketing strategy formulation and organizations performance. These results reveal the strategic significance of accumulating and having marketing assets and capabilities on an organization’s performance to achieve a competitive advantage. However, Akroush’s study did not specify what types of marketing assets and capabilities that affected performance, and the study did not reveal the multi-effect of marketing assets and capabilities and several dimensions of performance.
Developing Research Model and Hypotheses

Based on the above literature review of marketing assets and capabilities this paper suggests a theoretical model to be empirically investigated in future research. Figure 1 presents the proposed research model.

Figure 1 proposes that marketing assets and capabilities (as independent variables) have an impact on organizations’ performance (as a dependent variable), and this relationship is mediated through superior customer value. In other words, the availability of superior marketing assets and capabilities would result in providing superior customer value which would have an impact on an organization’s performance expressed in achieving a competitive advantage. This research model needs to be investigated and validated in several business sectors through providing empirical data and evidence to test the proposed relationships.
**Research Hypotheses**

Based on the above discussion and literature of marketing assets and capabilities a number of hypotheses have been developed as follows:

**Hypothesis One**

There is a positive and significant relationship between accumulating marketing assets and superior customer value.

**Hypothesis Two**

There is a positive and significant relationship between having marketing assets and superior customer value.

**Hypothesis Three**

There is a positive and significant relationship between strategic marketing assets and superior customer value.

**Hypothesis Four**

There is a positive and significant relationship between internal marketing capabilities and superior customer value.

**Hypothesis Five**

There is a positive and significant relationship between external marketing capabilities and superior customer value.

**Hypothesis Six**

The relationship between accumulating marketing assets and organizations performance is mediated by superior customer value.

**Hypothesis Seven**

The relationship between having marketing assets and organizations performance is mediated by superior customer value.

**Hypothesis Eight**

The relationship between Strategic marketing assets and organizations performance is mediated by superior customer value.
Hypothesis Nine
The relationship between internal marketing capabilities and organizations performance is mediated by superior customer value.

Hypothesis Ten
The relationship between external and organizations performance is mediated by superior customer value.

Conclusions

This paper aimed at exploring the interrelationship between knowledge management and marketing to achieve and sustain competitive advantages. The conclusions of this paper can be summarized in the following:

A. Marketing knowledge, as part of the knowledge management field, is a strategic source to obtain a competitive advantage in the marketplace.

B. The ability of an organization to achieve a sustainable competitive advantage in its markets lies in its ability to provide superior values for customers that competitors cannot imitate or match.

C. An organization’s marketing assets and capabilities are considered strategic determinants to create and sustain lasting competitive advantages against its competitors.

D. The relationship between marketing assets and capabilities and competitive advantages are neither direct nor simple. This is to argue that this relationship may depend on an organization’s ability to provide superior value for its customers.

E. One of the greatest difficulties that modern organizations encounter is what are the marketing assets and capabilities that lead to achieve a sustainable competitive advantage. The reason is that a few number of marketing assets and capabilities that are superior and unique which are able to achieve a sustainable competitive advantage. Consequently, an organization’s ability to identify such marketing assets and capabilities is of strategic importance.

F. Marketing assets and capabilities are different from one organization to another and from one industry to another. Furthermore, the impact of marketing assets and capabilities on organizations’ performance is varied depending on the performance criteria used; financial and non-financial criteria.
Future Research Agenda

Based on the above literature review and the research model there are a number of research areas that need to be considered in future research endeavors. Future research may consider the following:

A. A very fruitful area of research is to investigate the proposed model in several business environments to examine the relationships between its variables based on empirical data and statistical evidence.

B. Research is needed to investigate the contribution of marketing knowledge in the overall knowledge management in contemporary organizations.

C. Research is needed to investigate the components of marketing knowledge and their impact organizations’ performance measured by financial and non-financial dimensions.

D. It is essential to provide empirical evidence that reveals if marketing assets and capabilities lead to achieve sustainable competitive advantages.

E. Research is required to examine what types of marketing assets and capabilities that have the greatest impact on organizations performance measured multidimensionally.

F. A fruitful area of research is to investigate if marketing assets and capabilities differ from one industry to another and why.

G. There is an urgent need to investigate the components of marketing assets and capabilities among several industries and sectors in the Jordanian economy in particular and the Arab World and developing countries in general.

H. A fruitful area of research would be conducting comparative studies between developing countries themselves, and between them and developed countries to reveal if the sources (marketing knowledge) of sustainable competitive advantages are different across countries.
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إدارة المعرفة في العالم العربي

إدارة المعرفة والتسويق

الإمكانات والقدرات التسويقية كمصدر لتحقيق الميزة التنافسية: نموذج نظري

ملخص البحث

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د. قحطان بدر العبدلي

إن موضوع إدارة المعرفة والتسويق يعتبر من المواضيع الحيوية جداً للدراسية والبحث في حقل إدارة الأعمال في القرن الواحد والعشرين. تهدف هذه الورقة إلى تحليل ودراسة العلاقة التبادلية والمحورية بين إدارة المعرفة والتسويق من أجل بناء وتحقيق تطوير الميزة التنافسية في منظمات الأعمال الحديثة في ظل بيئة عمل تتسم بالمنافسة الشديدة. وتحقيق هدف هذه الورقة فقد شملت دراسة عدة محاور لدراسة العلاقة بين إدارة المعرفة والتسويق من خلال تقديم أطراماً لبيان العلاقة بين إدارة المعرفة والتسويق. ثم تقدم هذه الورقة بدراسة العلاقة بين القدرات والمهارات التسويقية وأداء المنظمات لتحقيق الميزة التنافسية وتعزيزها وذلك من خلال بيان أن هذه القدرات والمهارات والمنظمات تحتاج إلى معايير مالية وغير مالية. لقد تم تطوير نموذج نظري وعدد من الفرضيات من أجل اختبار العلاقة بين القدرات والمهارات التسويقية وأداء المنظمات معايراً بعدة معايير. وافتتحت هذه الورقة أن هذه العلاقة قد تكون تأثير قدرة المنظمات على إعطاء العملاء قيمة عالية للمستفيدين (سلع وخدمات) التي يقومون بشرائها من أجل اشباع حاجاتهم ورغباتهم. إن قدرات وإمكانات المنظمة التسويقية تصبح مصدراً مهماً لتحقيق الحفاظ على ميزة تنافسية عندما تكون قادرة على إعطاء قيمة للعملاء بشكل أفضل من المنافسين وأن تكون هذه القدرات وإمكانات التسويقية غير قابلة للتقليد أو الفهم من قبلهم في السوق. كما أوصت هذه الورقة بأجراء دراسات وأبحاث مستقبلية في العالم العربي بشكل عام والاردن بشكل خاص حول موضوع إدارة المعرفة والتسويق. كما أوصت هذه الورقة أن هناك حاجة منهجية لإجراء دراسات وأبحاث حول إدارة المعرفة والتسويق مع التركيز على القدرات والمهارات التسويقية كمواضيع حيوية تستحق البحث والدراسة في منظمات القرن الواحد والعشرين.