

## Critical success factors in industrial marketing supply chain management

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### ABSTRACT

Implementation of better marketing strategies in industry plays an important role in increasing sales and profitability of industrial part suppliers. Understanding the weakness in each part of supply chain helps reduce different cost component and increases profitability. In this paper, we present an empirical study to find important factors influencing marketing strategies based on factor analysis. The study designs and distributes a questionnaire consists of 64 questions. The proposed study uses Skewness analysis to reduce the factors into 44 items and reports 8 important factors including business environment, communication chain technology, good organizational relationship, leadership cost strategy, performance risk, ecommerce strategy, encouraging strategy and consistency in organizational performance.

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## 1. Introduction

Recent advances on technology and innovation have created much motivation among people to use knowledge as primary basis within the structures of their organizations. As a result, many firms and business units build different networks for sharing knowledge (Mudambi et al., 2009; Pugh & Bourgeois, 2011). During the past few years, there have been tremendous changes on social, economical as well as technological environments, which have created an increase competition among all enterprises (Andersson & Per Servais, 2010). In such circumstances, a close relationship between customer and supplier increase the possibility of technology improvement and innovation. Suppliers could deliver products and services much faster using direct communication, faster and more reliable services. Mudambi et al. (2009) presented a basic typology of community structures for industrial marketing firms and knowledge transfer and explained that it is quite possible to develop more comprehensive communication facilities using new techniques and tools. They defined three generic or basic community structures including a crew structure, which was a basic linear structure which in most cases is top down; a séance structure, in which everyone was linked in a circle, forming a closed structure which is supposed to remain connected in order to function; and a

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guru structure, in which the guru interacts with each member directly and there was no linkage between non-guru members. They applied a typology to three examples of knowledge transfer in industrial marketing including a competence exploitation example, which addressed knowledge transfer between a firm and a subsidiary; a competence creation example and an example, which addresses the IT versus face-to-face tradeoffs in interpersonal communication and knowledge transfer. They reported the choices involved in knowledge management within diversified industrial firms, highlighting the common problem of an industrial marketer with various subsidiaries who was rethinking its knowledge management strategy.

Coviello et al. (1997) reviewed some literature about relationship marketing and marketing theory and sets out a classification of different marketing forms. They defined four kinds of marketing including database marketing, transactional marketing, interaction marketing and network marketing and considered the implications of the classification for future research and managerial action.

Lamberti and Noci (2010) explained that the relationship between marketing strategy and marketing performance measurement system (MPMS) design was uninvestigated though marketing performance measurement. They confirmed another work accomplished previously by Coviello et al. (1997) for classification scheme for marketing strategies and used a conceptual framework on the managerial levers for MPMS design aiming to explore the possible existence and the nature of the marketing strategy–MPMS relationship. The study was performed with a multiple case study approach among seven Italian organizations. They concluded that companies pursuing various marketing strategies adopt various MPMS, and explored the influence of some contextual elements possibly impacting on the relationship, discussing their impact in the glance of existing literature.

Brodrechtova (2008) performed an investigation on marketing strategies and reported that generally the physical and relational resources and domestic formal institutions had the most relevant bearing on export marketing strategies and company history could disclose that the years of the transition process were still having an effect on marketing strategies. Huan et al. (2008) investigated the extent to which Western World ‘textbook’ strategic marketing was being practised within Chinese manufacturing companies and its contribution to competitive success. Their results confirmed that the basic strategic marketing practices advocated in the mainstream Western academic and prescriptive literature were being widely practised within Chinese manufacturing companies. They also reported that the higher performing firms were clearly differentiated from their lower performing counterparts.

Chan and Cho (2010) proposed a framework for customer relationship management (CRM) using to incorporate the concept of system dynamics. The CRM model includes different modules including a customer purchasing behavior framework, Markov chain and a financial returns structure. They implemented a case study of a Hong Kong firm to illustrate the implementation of the model, which not only gave insights into the product development, but could some how support the decisions associated with marketing activities. Griffith (2010) explained that dynamic changes in the global economy had increased opportunities for marketing strategy standardization and an oversimplified understanding of the complexities of this convergence could lead to failure of global marketing strategy execution. Griffith (2010) developed a multi-level institutional approach to address level-based convergence impacts necessary to understanding market segment convergence and its impacts on global marketing strategy. Rosier et al. (2010) developed and tested a conceptual framework of the key drivers and consequences of marketing managers' procedural justice perceptions. They reported that if mid-level marketing managers trusted their senior marketing colleagues and simultaneously operated within moderately organic structures, then procedural justice would have a better chance to thrive. Lindgreen et al. (2012) performed an investigation on the ‘value’, which businesses and industrial marketers normally analyze, create, and deliver and presented a process framework for value orchestration in business and industrial marketing. Smirnova et al. (2011) investigated the impact of interfunctional collaboration between marketing and purchasing functions in industrial firms. They considered interfunctional collaboration as a basis of the internal alignment and

partnership between departments in the firm, which in turn attributes to the creation of sustainable advantages via improved external partnerships and facilitating demand chain integration. They also examined the impact of customer orientation and the interactions between departments as collaboration antecedents. They analyzed the direct impact of marketing–purchasing collaboration on business performance. The model was tested on a some Russian firms with two key respondents in each firm, incorporating the purchasing as well as the marketing perspective. Their results indicated that marketing–purchasing collaboration could mediate the impact on interfunctional interaction. Slater et al. (2010) investigated the effect that environmental conditions and business unit strategy would have on the relative importance of marketing strategy creativity and marketing strategy implementation effectiveness.

## 2. The proposed model

The proposed study of this paper designed a questionnaire and distributed 300 questionnaires among some industrial suppliers in Iran, collected 220 and analyzed them using factor analysis. Cronbach alpha was calculated as 0.847, which is well above the minimum acceptable level of 0.70. Since factor analysis is sensitive against skewness, we removed some questions to resolve this issue and out of 44 variables, we have detected 8 factors as important factors as a results of our investigation.

## 3. The results

### 3.1 Business environment

We first analyze the business environment, which includes four items summarized in Table 1. Note that Cronbach alpha is calculated as 0.736.

**Table 1**  
The results of factor analysis

Factor	Factor weight	Eigenvalues	% of variance	Accumulated
Business environment	0.670	6.062	13.777	13.777
The ability to play in the market	0.410			
Customer analysis	0.490			
Integrate firm's competitive moves	0.320			
Attract interest from researchers	0.332			

### 3.2. Communication chain technology

Communication chain technology includes three items and they have close relationships with customers, suppliers, communication technology, supply chain performance and feedback from income and expenses. Cronbach alpha has been calculated as 0.589 for these factors.

**Table 2**  
Factor analysis for communication chain technology

Factor	Factor weight	Eigenvalues	% of variance	Accumulated
Close relationship between supplier and customer	0.350			
Technology of communication	0.650	2.397	5.447	19.224
Supply-chain integration performances	0.360			
Feedback from company's expenditure and revenue	0.620			

### 3.3 Good organizational relationship

The third option includes good organizational relationship, which includes five factors including trust between top management and senior marketing colleagues, transparent expectations, core marketing strategy and profit margin sharing. Table 3 demonstrates our factor analysis where Cronbach alpha is 0.441.

**Table 3**

The results of factor analysis for good organizational relationship

Factor	Factor weight	Eigenvalues	% of variance	Accumulated
Trust between top management and senior marketing colleagues	0.390			
Organizational justice	0.760	2.241	5.093	24.317
Transparent expectations	0.290			
Core marketing strategy	0.430			
Profit margin sharing	0.380			

### 3.4. Leadership cost strategy

This item includes five factors, which are shortage in required expenditure, transportation technology, legislative or regulatory differences, current status and future perspective and personal interactions. Cronbach alpha has been calculated as 0.587 and Table 4 shows the summary of our calculations.

**Table 4**

Factor analysis for leadership cost strategy

Factor	Factor weight	Eigenvalues	% of variance	accumulated
Shortage in required expenditure	0.570	2.023	4.598	28.915
Transportation technology	0.340			
Legislative or regulatory differences	0.570			
Current status and future perspective	0.290			
Personal interactions	0.344			

### 3.5. Performance Risk

This factor includes four items including risk reduction, performance measurement system, diversity in commitments and marketing–purchasing collaboration. Cronbach alpha is calculated as 0.561 and Table 5 shows the results.

**Table 5**

Factor analysis for performance risk

Factor	Factor weight	Eigenvalues	% of variance	Accumulated
Risk reduction	0.680	1.842	4.187	33.103
performance measurement system	0.470			
Diversity in commitments	0.240			
marketing–purchasing collaboration	0.340			

### 3.6. Ecommerce strategy

This factor includes two items namely e-commerce system and technological tools. Cronbach alpha is calculated as 0.602 and Table 6 shows details of our findings.

**Table 6**

Ecommerce strategy

Factor	Factor weight	Eigenvalues	% of variance	Accumulated
E-commerce system	0.710	1.769	4.020	37.123
Technological tools	0.480			

### 3.7. Encouraging strategy

This item includes two factors of incentives and performance measurement and Cronbach alpha is calculated as 0.572. Table 7 demonstrates the results of our factor analysis.

**Table 7****Encouragement system**

Factor	Factor weight	Eigenvalues	% of variance	Accumulated
Incentives	0.830	1.649	3.748	40.870
Performance measurement	0.480			

**3.8. Consistency in organizational performance**

This item includes three factors including internal consistency performances, yearly workshops and compatibility with strategic behavior. Cronbach alpha is calculated as 0.457 and Table 8 summarizes the results of factor analysis.

**Table 8****Factor analysis for consistency in organizational performance**

Factor	Factor weight	Eigenvalues	% of variance	accumulated
Internal consistency performances	0.650	1.623	3.689	44.560
Yearly workshops	0.540			
Compatibility with strategic behavior	0.260			

In summary, the results of our factor analysis implies that building an efficient supply management involves different factors and the proposed study of this paper has determined eight factors, which play important role in this regard.

**4. Conclusion**

In this paper, we have presented an empirical study to determine important factors influencing marketing strategies based on factor analysis. The study has designed and distributed a questionnaire consists of 64 questions and, using Skewness analysis, we have reduced them into 44 factors and exported 8 important factors. Based on the results of our survey eight items including business environment, communication chain technology, good organizational relationship, leadership cost strategy, performance risk, ecommerce strategy, encouraging strategy and consistency in organizational performance have the most important influences on marketing strategies. The proposed study of this paper was an empirical study in some part suppliers in Iranian auto maker industry and this survey could be extended for a more wider range of industries to find more comprehensive results and we leave it for interested researchers as future research.

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