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Factors Influencing The Alignment of IS and Marketing

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Abstract

The concept of "alignment" – between IS strategy and business strategy - has become widely recognized as an important determinant of information systems success. Alignment is also an important consideration in the marketing domain, although there it usually concerns alignment between the organization and its customers. This study examines alignment between the IS and marketing functions. Field interviews of 36 IS and marketing executives were conducted to determine perceptions of alignment dimensions, antecedents and impacts.

Keywords

IS-marketing alignment; IS-marketing relationship

INTRODUCTION

Alignment between the IS and marketing functions within business organizations is thought by some to be an important driver of business performance (Chan et. al. 1997). This paper reports on a preliminary exploration of the alignment between IS and marketing, and the factors which might influence that alignment.

Alignment has been approached differently by the two disciplines. From the IS perspective, research has mainly focused on the alignment between business and IS strategy. From the marketing perspective, attention has been directed toward the alignment of the organization with its market or customer needs. The issue of alignment *between IS and marketing* has not yet been rigorously studied.

In the next section we briefly review the studies of alignment in both the IS and the marketing literatures, to highlight the kinds of factors which these studies have uncovered.

FACTORS FOUND TO IMPACT ALIGNMENT

Two of the most important antecedents of alignment between IS and business strategy have been found to be mutual understanding of the other's objectives and goals (Reich & Benbasat 2000, Chan 1999) and good communication (Reich & Benbasat 2000). The good communication and mutual understanding, in turn, are manifested in cross-functional task teams, and in mutual understanding in both IS and business executives (Chan 1999,).

Also important is the commitment from both top management and line executives to IS issues (Shankman & Malcolm 2002), as well as a good relationship between the CIO and CEO (Chan 1999). However, much depends on both the strategic leadership and personal leadership displayed by IT (Papp et al., 1996) and on the position of the head of IT in the company (Roepke et al. 2000).

Other predictors or antecedents of alignment were found to be the extent of collaborative planning (Kearns and Lederer, 2001), the extent of investment in IT (Kearns & Lederer 2001), the success of IT implementations (Reich & Benbasast 200), the success of IT's achievement of strategic goals, (Papp et al. 1996), regular reviews of IS performance (Chan et al 1997), agreement on reporting requirements (Shankman & Malcolm 2002), IT's appropriate prioritisation of work loads (Papp et al. 1996), and the use of external consultants or the extent to which outsourcing was encouraged (Chan 1999).

On the other hand, Powell (1993) noted that although there appeared to be an undeniable link between corporate strategy and IT activities, the challenge in seeking alignment between the two was problematic. Unease of executives about IT investments which might pull the organization in a direction which was not aligned to the general business strategy was an inhibitor of alignment (Coakley et al., 1996) as was the difficulty in obtaining funds for IT investment (Kagan, 1994), and the fact that IT tended to position itself reactively rather than proactively (Meador 2002).

Misalignment can also occur when means and ends were at odds (Hirschheim & Sabherwal, 2001), when time horizons or objectives and values differed (Meador, 2002), and when there were erroneous assumptions of alignment, lack of conviction, ignorance of organizational goals (Fonvielle & Carr 2001), paradoxical decisions, excessive transformation and uncertainty turnaround (Hirschheim & Sabherwal 2001).

From a marketing perspective, in 1990 Kohli and Jaworski proposed a model which depicted the antecedents of market orientation (alignment of the marketing function with customer needs) as consisting of senior management factors, interdepartmental dynamics and organizational systems. Other antecedents include quality of marketing planning (Pulendran et al., 2003), leadership style (Harris and Ogbonna, 2001), and strategic human resource management (Harris and Ogbonna, 2001). Thirkell and Dau (1998) found that market orientation was a function of firm size, degree of competition in the markets of interest, and level of expenditure on R&D.

In addition to the influence of antecedents, different moderators have been found to impact on market orientation or on components thereof. Such moderators include industry type (Deshpande & Farley, 1998), competitive environment (Appiah-Adu, 1997), geographic environment (Matsuno & Mentzer, 2000), organizational size (Appiah-Adu, 1997), and business strategic type (Matsuno & Mentzer, 2000).

RESEARCH METHODOLOGY

Individual in-depth interviews were used to gather data for this study. An interview guideline was developed, drawing on the literature reviewed and on the various instruments used in previous studies. The interviews were semi-structured with a mixture of closed- and open-ended questions. A stratified, convenience sample of eighteen large (100+ employees), private-sector, New Zealand companies was selected, and the heads of IT and marketing of each company, i.e. 36 people, were interviewed. The interviews were recorded, transcribed, and checked by the interviewees for accuracy.

FINDINGS AND DISCUSSION

Interview responses are given in Table 1. In most companies the heads of IT and marketing described the alignment more or less similarly; in the four companies which reflected the greatest dissimilarities, the heads of marketing were “new.” This might have been indicative of a new incumbent wanting to approach a new position in a positive fashion, or possibly seeing their first task to be internal marketing. It might also have been reflective of erroneous perceptions (Hirschheim & Sabherwal 2001) which might have been caused by excessive transformation and uncertainty turnaround (Fonvielle & Carr 2001). A number of respondents indicated the importance of a good mutual understanding of one another’s objectives and areas of operation (Chan 1999, Reich & Benbasat 2002).

Potential or actual constraints or barriers to alignment that were mentioned included: slow IT delivery (Meador 2002), lack of funds for IT (Kagan 1994), imposition of standardized systems from overseas owners, size of the organization, physical separation of IT and marketing functions, reporting level differences (Roepke et al. 2000), unclear roles, and the “newness” of the head of marketing.

In terms of reporting lines, in ten companies (55%), the heads of IT and marketing were not on the same organizational level. These inequalities might well impact on the perceived superiority of either function, or the higher regard in which it is held within the company (Roepke et al. 2000). Furthermore, in six companies IT reported to the CFO, perhaps resulting in IT’s thinking being dominated by cost considerations.

IT’s role was seen by a large majority of respondents as that of an enabler and/or service or support provider. In most instances, the view was that IT should be led by marketing or the business (Meador 2002). The reporting level of IT vis-à-vis marketing did not appear to influence perceptions and expectations of IT’s role.

Although nine companies reported some form of collaborative planning between IT and marketing, only five approached it strategically. As could be expected, four of those five companies had demonstrated a close relationship between IT and marketing. In three of the five companies the heads of IT and marketing reported at the same level.

Four companies had specifically created liaison positions or units which would bridge the gap between the two functions and act as a communications conduit. Two of these companies reported that they practised collaborative planning, one that they did not, and in one company the heads of IT and marketing were at odds. This might be explained by a real commitment to collaboration and alignment between IT and marketing in the first two companies (Shankman & Malcolm 2002, Kagan 1994). The company which had such a unit but which reported no collaborative planning, was a large multinational and such collaboration possibly took place at a head office level.

Co.	Respondent	Owner/Links	"New"	Report to	Report. Comparison	Liaison	Collaborative planning	Relationship	Relationship summary	Align. Rating
A	IT	Partners	Y	CEO	par		N	Pos.	P	3
	M			CEO				Pos.		3
B	IT	French		Finance	IT lower		Y	Neg.	Discrepancy	6
	M			CEO				Pos.		5
C	IT	Japanese		Finance	IT lower		Projects	Neg.	Discrepancy	2
	M		Y	CEO				Pos.		4
D	IT	US		CEO	par		Co. planning	Pos.	P	5.5
	M			CEO				Pos.		5.5
E	IT	US		Other - co. specific	IT lower		Co. planning	Neg.	N	5
	M		Y	CEO				Neg.		
F	IT	Ex-govt.		Finance	par	Y	Discrepancy	Variable	Discrepancy	
	M			Trading				Variable		5
G	IT	Members		CEO	M lower		Projects	Pos.	P	5
	M			Retailing				Pos.		5
H	IT	US		Finance	IT lower	Y	N	Pos.	P	6.5
	M			CEO				Pos.		5.5
I	IT	NZ		Finance	par		N	Neg.	Discrepancy	4.5
	M		Y	Finance				Pos.		4.5
J	IT	NZ		CEO	par		Projects	Neg.	Discrepancy	4
	M			CEO				Pos.		7
K	IT	Ex-govt.		CEO	par		Y	Pos.	P	3
	M		Y	CEO				Pos.		3
L	IT	Members		CEO	par		Y	Pos.	P	6
	M			CEO				Pos.		6
M	IT	US		Finance	IT lower		Informal	Pos.	P	7
	M			CEO				Pos.		6
N	IT	Ex-govt.		CEO	M lower		Discrepancy	Pos.	Discrepancy	5
	M		Y	Retailing				Neg.		3
O	IT	Ex-govt.		CEO	M lower	Y	Y	Pos.	P	
	M			Operations				Pos.		
P	IT	NZ +Austral.		CEO	par		Co. planning	Variable	Discrepancy	6
	M		Y	CEO				Pos.		4
Q	IT	Ex-govt.	Y	CEO	M lower		N	Neg.	N	2
	M		Y	Other - co. specific				Neg.		3
R	IT	Austral.		Other - co. specific	IT lower	Y	Y	Pos.	P	4
	M			CEO				Pos.		5

Table 1: Description of alignment: consolidated view of responses

A positive relationship was observed between the extent of strategic collaborative planning between IT and marketing and positive descriptions of the relationship between IT and marketing. The existence of a liaison position/unit seems to enhance the collaboration, as does the relatively large size of the company.

All but two companies outsourced aspects of their IT, and many also outsourced some of their marketing function, such as advertising, media buying, and promotion activities. No significant relationships were observed between other variables and either IT or marketing outsourcing practices.

When asked to rate the alignment between IT and marketing on a scale of one to seven, there appeared to be no correlation between the differences or similarities of the heads of IT and marketing's ratings and the differences or similarities of their prior descriptions of the relationship. In other words, where there might have been a large difference in the prior description, the actual ratings were similar, and vice versa. This might have been because of differences in individual benchmarks. In only three companies did the respondents both describe and rate the IT/marketing alignment similarly positively.

In comparison to their competitors, most respondents indicated their inability to assess their alignment between IT and marketing comparatively. However, five respondents, mainly heads of marketing rated the alignment within their company as being stronger than that of the competition..

With regard to the impact of alignment on business performance, the largest number of responses (eight) emphasized the financial impact. Many responses focused on the customer, on delivery (Papp et al. 1996, Meador 2002), and on the quality and/or management of information. Other impacts included the effect on the ability to evaluate success, reduced business responsiveness, and development of innovative systems.

Judging from the responses, it seems that the heads of marketing saw alignment between IT and marketing as having more significant impacts on the customer or customer relations, on efficiency and on the quality and management of information. The heads of IT, on the other hand, focused more on delivery and on the financial impact on the company specifically. The focus of the two functions thus appears to be somewhat different.

CONCLUSION

Table 2 provides a summary of key alignment variables which were identified in the literature and which were supported by the findings of the research. All but two received complete support from the interviewees. The two which received only partial support were the extent of outsourcing, and executives not seeing IT holistically. Although the first applies to a lack of knowledge about marketing on the part of IT, the second applies to a lack of holistic perception of IT on the part of marketing.

A number of new factors have emerged as either moderators or inhibitors of alignment. Most of these are dependent on organizational structure and control, especially in terms of clarity of roles and delivery expectations. However, the "newness" of the incumbent provides a serious challenge to top management. Whether the case or not, this perception of operating at a sub-optimum level will impact on the way these managers execute their responsibilities and, particularly, the confidence and competence with which they align themselves with any other function.

Finally, the pressure to be perceived to be aligned might lead to erroneous "perceptions" and reporting of alignment so that the company perceives itself to be aligned when, in fact, it is not.

	Supported		Supported
Antecedents to alignment		**Inhibitors of alignment**	
Mutual understanding	Y	Erroneous assumptions of alignment	Y
Mutual skills	Y	Ignorance of organizational goals	Y
Good relations between CIO and CMO	Y	Executives not seeing IT holistically	Partially
Commitment from top management	Y	IT not always strategic	Y
Commitment from line executives	Y	IT ROI	Y
Agreement on reporting requirements	Y	Executives unease re IT investment	Y
		IT's difficulty in obtaining funds	Y
Moderators of alignment		IT positions itself reactively	Y
Role of IT	Y	IT's lack of speed	Y
Position of head of IT in company	Y	Differing means and ends	Y
Strategic leadership of IT	Y	Different time horizons	Y
Perception of IT	Y	Foreign ownership	Y (New)
Extent of collaborative planning		Dotted line reporting	Y (New)
Cross-functional task teams	Y	Imposition of standardized systems in MNC's	Y (New)
Cross-functional communications	Y	Size of company	Y (New)
Extent of outsourcing	Partially	Physical separation of functions	Y (New)
Investment in IT	Y	"Newness" of incumbent in position	Y (New)
IT's prioritization of work load	Y	Different reporting levels of CIO and CMO	Y (New)
Existence of liaison unit	Y (New)	Unclear roles	Y (New)
Ownership by members/partners	Y (New)	Different delivery expectations	Y (New)
Prior government ownership	Y (New)	Demand artefacts	Y (New)

Table 2: Factors influencing the relationship between IT/IS and marketing

Future research will build on this exploratory phase and test these findings on a much larger sample and in a quantitative fashion. The relative strength of each factor will also be determined.

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