Assessing the Alignment Between IT/IS and Marketing: An Exploratory Study

Val Hooper  
Victoria University of Wellington

Sid Huff  
Victoria University of Wellington

Peter Thirkell  
Victoria University of Wellington

Follow this and additional works at: http://aisel.aisnet.org/pacis2004

Recommended Citation  
Hooper, Val; Huff, Sid; and Thirkell, Peter, "Assessing the Alignment Between IT/IS and Marketing: An Exploratory Study" (2004).  
PACIS 2004 Proceedings. 59.  
http://aisel.aisnet.org/pacis2004/59

This material is brought to you by the Pacific Asia Conference on Information Systems (PACIS) at AIS Electronic Library (AISeL). It has been accepted for inclusion in PACIS 2004 Proceedings by an authorized administrator of AIS Electronic Library (AISeL). For more information, please contact elibrary@aisnet.org.
Assessing the Alignment Between IT/IS and Marketing: An Exploratory Study

Val A. Hooper  
Victoria University of Wellington  
New Zealand  
val.hooper@vuw.ac.nz

Sid L. Huff  
Victoria University of Wellington  
New Zealand  
sid.huff@vuw.ac.nz

Peter C. Thirkell  
Victoria University of Wellington  
New Zealand  
peter.thirkell@vuw.ac.nz

Abstract

This study explores the alignment between IT/IS and marketing from a strategic perspective. The heads of IT and marketing of eighteen large New Zealand companies were interviewed, and their assessments of alignment rated according to two constructs: strategic orientation, and market orientation. The strategic orientation dimensions were aggressiveness, analysis, defensiveness, futurity, proactiveness, innovativeness and risk aversion. The market orientation dimensions were customer analysis, customer responsiveness, competitor analysis, competitor responsiveness, interfunctional coordination, and environmental responsiveness. The companies’ measures for marketing performance and business performance were also recorded. Findings indicate that IT and marketing are more closely aligned with regard to market orientation than strategic orientation; and that IT tends to have a higher assessment of the alignment than marketing – on average and according to individual components of both constructs. Apart from some company-specific measures, there were strong overlaps between the measures of marketing performance and business performance. Future research will focus on quantitative verification of the findings of this exploratory study.

Keywords: Strategic alignment, Strategic orientation, Market orientation, Business performance, Marketing performance

1. Introduction

Management literature abounds in reports of empirical studies which demonstrate how IT/IS has been and can be used to the strategic advantage of an organization and can impact positively on business performance (Service & Boockholdt, 2000). Similarly, the strategic importance of marketing and its positive impact on business performance has been strongly emphasized (Kotler & Armstrong, 1999, p. 43). However, in most organizations these two functions tend to pursue their strategic directions in a relatively separate fashion (Pender, 2001), linked only by the overarching business strategy (Berthon, Hulbert & Pitt, 1999).

Some studies have shown that where there is a close link between the two functions, the organization appears to reap handsome benefits, with notably strong business performance (Winer, 2001). However, these studies have focused on operational aspects or sub-areas of marketing such as customer relationship management. Apart from preliminary, exploratory studies by Hooper and Van Erkom Schurinck (2002, 2003), there do not appear to have been any studies which have examined the strategic linkages between IT/IS and marketing, and the impact of such linkages on marketing performance and/or business performance.

This paper reports preliminary findings from a study that was undertaken to explore IT/IS-marketing linkages at the strategic level. Open-ended interviews with both marketing and IT/IS executives were conducted to better understand the perspectives and impressions of
such managers on the strategic linkages between IT/IS and marketing, and the potential impacts these linkages exert on company performance and marketing effectiveness. Following an overview of relevant literature and a description of the basic research model, the study’s methodology is described. The study’s findings are then presented and discussed. Directions for further research are also indicated.

2. Overview of the Literature

2.1 Alignment from the IS Perspective

The IS literature recognized the importance of IS/IT alignment with business strategy over 15 years ago. Initial models such as those of Henderson and Venkatraman’s (1991) “Strategic Alignment Model” depicted the conceptual relationship between IT and business, but did not attempt to quantify or measure the variables involved.

Chan et al. (1997) advanced the research on IS/IT strategic alignment by proposing a specific model of alignment, then developing and testing a set of measures of the associated variables. Chan defined strategic alignment as:

“the coherence or synergy between business strategic orientation and IS strategic orientation” (Chan, 1992).

Chan’s measures were based heavily on earlier work by Venkatraman (1989), in which he developed a model of business strategy referred to as “strategic orientation”. Venkatraman argued that “strategy” was not a unidimensional concept, but rather could be characterized by an organization’s position along a set of seven different dimensions, namely: aggressiveness, analysis, defensiveness, futurity, innovativeness, proactiveness and riskiness. Chan et al. (1997) followed this perspective, and developed a parallel set of seven strategy dimensions for an organization’s IT/IS function. Comparing a given company’s business strategy “position” along the seven dimensions with its IT/IS strategy on the same seven dimensions provided a mechanism for Chan et al. to calculate a strategic alignment score for that organization. They were thereby able to show that IT/IS strategic alignment exerted a significant impact on both business performance, and the effectiveness of the IS function.

Chan’s study provided a structural perspective on the question of IT/IS alignment. The research by Reich and Benbasat (2000), in contrast, examined the issue of alignment between IS/IT and business from a process perspective. They distinguished between the “intellectual” and the “social” dimensions of alignment processes. Concentrating on the social dimension, they showed that such things as a high level of shared understanding led to better communications between IT/IS and other business executives, which in turn led to a higher level of social alignment between IT/IS and the business.

Other researchers have also examined both the structural and process aspects of IS/IT-business alignment in traditional (e.g., Tallon & Kraemer 1998), e-commerce (e.g., Cao 2002) and public sector (e.g., Kennard & Huff, 2004) settings.

2.2 Alignment from the Marketing Perspective

With regard to marketing, the concept of alignment has been addressed mainly from the perspective of the alignment of the organization with its market or customer needs (Mitchell, 2001). This has frequently been referred to as “market orientation” in the marketing literature.

751
Kohli and Jaworski (1990) proposed that market orientation was:

“the organizationwide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organizationwide responsiveness to it” (Kohli & Jaworski, 1990).

In similar vein, Narver and Slater (1990) depicted market orientation as consisting of customer orientation, competitor orientation, and interfunctional coordination.

Further empirical models attempting to capture the concept “market orientation” and relate it to other variables such as business performance were developed and tested by various authors, including Kohli et al. (1993), Deshpande et al. (1993), and Deng and Dart (1994). The vast majority of models were based on those of Narver and Slater (1990) and Kohli and Jaworski (1990). Gray et al. (1998) depicted market orientation as consisting of customer orientation, competitor orientation, interfunctional coordination and responsiveness, while Dawes (2000) used customer analysis, customer responsiveness, competitor orientation and market information sharing as the market orientation components.

These studies have focussed primarily on the alignment of the organization’s marketing activities with the needs of its market and customers. They have not attempted to relate the company’s market orientation to its strategic orientation. Although the strategic orientation of marketing has not been examined specifically, it is captured in part by the view expressed by Noble, Sinha and Kumar (2002) who interpreted market orientation as being a type of strategic orientation. On the other hand, research by Matsuno and Mentzer (2000), Morgan and Strong (1998), and Vorhies and Morgan (2003) argued that there is a distinction between strategic orientation and market orientation. There thus appear to be conflicting views of whether or not market orientation is the same as strategic orientation.

For the purposes of this study, a construct parallel to “information systems strategic orientation” (Chan et al. 1997) is needed, in order to provide a basis for comparing the strategic orientation of the marketing function with the strategic orientation of the IT/IS function. The question is, can the construct “market orientation” be used as that parallel construct?

In examining this issue, it is first of all important that the strategic orientation of marketing construct truly reflects a “strategic” perspective. In this regard it should embody the following kinds of characteristics:

- be concerned with large-scale, future-oriented issues which require top management decisions (Miles & Snow, 1978),
- have long-term impact, be multi-functional and have an external focus (Pearce & Robinson, 1988) and
- provide an integrated focus on markets and competition (Day & Wensley, 1983).

The seven strategic orientation dimensions originally developed by Venkatraman (1989), and subsequently modified for the IT/IS perspective by Chan et al. (1997), reflect the criteria and attributes of strategy. These dimensions manifest a strong competitiveness emphasis, as well as a focus on markets, on the means as opposed to the ends, on realized as opposed to
intended behaviour, on implemented as opposed to planned strategy, and on content as opposed to process. In addition, the construct is multi-dimensional (Morgan & Strong, 2003).

As for the construct “market orientation”, there are clear overlaps between the two core models of Narver and Slater (1990) and Kohli and Jaworski (1990). Both exhibit a customer focus and an emphasis on behaviours relevant to the dimensions of their models. They also both focus on implemented as opposed to planned actions.

Despite these similarities, Narver and Slater (1990) viewed market orientation as a single-dimension construct with profitability as the objective. However, the subsequent developments of the Narver and Slater (1990) model by Deng and Dart (1994) and Gray et al. (1998) threw a different light on the approach to profit which became much more of a means, that is profit orientation, than an end.

It would appear that the Narver and Slater model (1990) has a more strategic and externally oriented perspective whereas the Kohli and Jaworski model (1990) is more functional and internally focused. In comparing the two models to the criteria of strategy, it can be seen from the table below that neither really meets all criteria.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Large scale</td>
<td>Not always</td>
<td>Not always</td>
</tr>
<tr>
<td>Future-oriented</td>
<td>Implicit</td>
<td>Implicit</td>
</tr>
<tr>
<td>Involving top management decisions</td>
<td>Not always – more so than Kohli and Jaworski (1990)</td>
<td>Not always</td>
</tr>
<tr>
<td>Long-term impact</td>
<td>Implicit – more so than Kohli and Jaworski (1990)</td>
<td>Implicit</td>
</tr>
<tr>
<td>Multi-functional</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Integrated</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>External focus</td>
<td>Limited</td>
<td>Yes</td>
</tr>
<tr>
<td>External focus – markets</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>External focus – competition</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

It thus seems that neither model of market orientation is entirely strategic in nature, nor an appropriate candidate for the construct “strategic orientation of marketing”.

A number of other recent studies, such as those of Morgan and Strong (1998) and Matsuno and Mentzer (2000) have given additional credence to this view that strategic orientation and market orientation are separate concepts.

“Market orientation” can thus not be used as a parallel construct to strategic orientation. However, as the market orientation models display so many strategic characteristics, and as market orientation appears to be such a strong organizational driving force, it was decided to use a combination of the most prominent and valid models to form a market orientation construct, and to use it in addition to strategic orientation to explore the alignment between IT/IS and marketing. In other words, both IT/IS and marketing would be compared on the bases of both their strategic orientation and their market orientation.
2.3 The Dependent Variable

Generally speaking, alignment research has been conducted with an eye to understanding the impact of alignment on some variable of importance for the organization. Business performance was the dependent variable used by Venkatraman (1989), and Chan. et al. (1997). Furthermore, business performance was also used in the studies of the impact of market orientation conducted by Narver and Slater (1990), and by Kohli and Jaworski (1990). Specific components of the business performance variable include such things as ROI, ROA, ROE, market share and sales growth, measured in both absolute and relative terms.

Other marketing outcome variables, not specifically linked to market orientation, include marketing performance (Vorhies & Morgan, 2003), marketing effectiveness (Kotler et al., 1977), marketing productivity (Sheth & Sisodia, 2002), and marketing success (Irwin, Zwick & Sutton, 1999). The former two measures exhibit a strong focus on financial as well as market measures. There is a considerable overlap between business performance measures and these other more marketing-oriented variables.

Given the similarities of the measures for business performance and for marketing performance (or the alternatives), business performance was selected as the most appropriate dependent variable for the present study. However, it was considered that an appropriate intermediary variable would be marketing performance, which would capture aspects of customer response.

Drawing from the literature reviewed above, the conceptual model for the present study is shown in Figure 1. This model depicts the alignment between IS (IT) and marketing as being determined separately following both a strategic orientation perspective, and a market orientation perspective. The model proposes that IS-marketing alignment impacts marketing performance, and ultimately business performance.

Figure 1. Alignment of IS and marketing: proposed conceptual model

Even though the higher level model is presented here, this study does not attempt to analyse the model in its entirety.
3. Research Methodology

The research has two objectives, the first being to explore the concept of alignment between an organization’s IT/IS function and strategy, and its marketing function and strategy. Particular emphasis is placed on the aspects of strategic orientation and market orientation which could be aligned. The second objective is to determine the distinction that companies make between marketing performance and business performance, and what specific measures they use for each. Doing so will help improve the conceptual model, which will provide the basis for further examination of the impact of IT/IS-marketing alignment.

A mixed methods approach was adopted, consisting of predominantly qualitative individual in-depth interviews, interjected by a short quantitative survey. An interview guideline was developed, drawing on the literature review and on the various instruments used in previous studies. The interviews were semi-structured with a mixture of closed- and open-ended questions. (The interview protocol is available from the authors.)

A stratified, convenience sample of organizations was used. Based primarily on one comprehensive list of New Zealand companies, eighteen large (100+ FTE’s) private-sector companies were selected for the study. All agreed to participate.

The heads of IT and marketing of each company, i.e. thirty-six people, were interviewed. The interviews lasted 45 minutes on average. They were recorded, transcribed, and an opportunity provided for the interviewees to check the transcriptions for accuracy.

4. Findings

4.1 General Observations.

In eight companies the heads of IT and marketing either reported at the same organizational level. In six cases, marketing reported at a higher level. In only four organizations did the head of IT report to a higher organizational level than the head of marketing. In these four cases, IT tended to be at the core of the businesses offering. In six companies the head of IT reported to the CFO who, in most instances, reported on the same level as the head of marketing.

Almost half of the companies (eight) were part of international groups, and some heads of IT thus had dual reporting lines. This was sometimes seen to limit innovation and proactivity.

Companies varied in the amount and depth of collaborative planning which took place between IT and marketing. Often this was facilitated by senior management meetings. It seemed that greater collaboration occurred between the heads of IT and marketing if they reported at the same level in the company.

In four companies, special positions or functions had been established to act as a conduit or liaison between IT and marketing. These appeared to facilitate collaboration between the two areas, although it also seemed that the existence of such a position might have reduced the felt need on the part of other managers within each of the domains to attend to collaboration.

4.2 Perceptions of the IT-Marketing Relationship

There were many different perceptions of the relationship between IT and marketing. In nine companies there was a strong, predominantly positive correlation between descriptions. In two companies both respondents were similarly negative, while in seven companies there
appeared to be no similarity between descriptions at all. In four of these seven companies, the heads of marketing were “new” and their perceptions might thus have been skewed.

Shared understanding (Reich & Benbasat, 2000) and mutual respect were noted as being important underpinnings of the IT-marketing relationship. Some respondents noted that in situations where shared understanding was weak, much was “lost in the translation” between IT and marketing.

Most of the companies indicated that on a personal level, IT and marketing staff got on well, emphasizing such aspects as team spirit and a relaxed and informal relationship. In cases where the two did not work well together, this was often attributed to individual personality differences. IT heads characterized marketing people as being very “driven,” having the creative ideas and wanting to act or react immediately; marketing heads felt IT staff were “black and white” and needed time to plan. In one case, IT was referred to as “a necessary evil.”

IT’s role was seen by all respondents as being that of a service provider or an enabler. Marketing -- or the business as a whole -- was perceived to be the driver.

Following a brief discussion concerning the meaning and interpretation of “IT-marketing alignment,” both IT and marketing heads were asked to rate the extent of perceived alignment between IT and marketing on a scale of one to seven. The ratings were generally quite similar between IT and marketing heads, although in three companies, one or more both respondents were unable to put a number to the alignment – often because they were “new”. In six companies the ratings were identical, five companies indicated a gap of one point, and four a difference of two or more points. Generally the heads of IT tended to provide higher ratings, i.e., IT heads were more optimistic concerning the degree of alignment between IT and marketing than were the marketing heads.

When asked how similar their company’s IT-marketing alignment was to that of their competitors, many IT heads responded that they didn’t know. In contrast, the marketing respondents tended to indicate similarity or superiority to their competition.

There was no notable correlation between the differences or similarities of the ratings, and the differences or similarities of their prior descriptions of the relationship. Nor were there any obvious correlations between collaborative planning and alignment ratings, or between the similarity of the reporting level and alignment ratings.

4.3 Ratings on Strategic Orientation and Market Orientation Attributes
In order to gain further insight into the similarities and differences between the IT and marketing functions, respondents were asked to rate their company, as a whole, on the extent to which it manifested a number of strategic and market orientation dimensions. A seven-point scale was used for each dimension, ranging from “very low (1) to “very high” (7). This constituted the small quantitative survey.

First, each respondent was asked to characterize the company’s overall business strategy using the seven dimensions of strategic orientation (Venkatraman 1989): aggressiveness, analysis, defensiveness, futurity, proactiveness, innovativeness and risk aversion. Then, each respondent was also asked to characterize the company’s marketing strategy using the six dimensions of market orientation: customer analysis, customer responsiveness, competitor
analysis, competitor responsiveness, interfunctional coordination, and responsiveness to the environment (Kohli & Jaworski, 1990; Narver & Slater, 1990, Gray et al., 1998; Dawes, 2000).

In addition, the heads of marketing were asked to rate the extent to which the marketing function manifested each of the dimensions comprising strategic orientation and also market orientation. This was to allow us to gauge the extent to which the heads of marketing perceived the strategic and market orientations of the marketing function to be similar to that of the company. This would later be tied in with the performance measures for marketing and business to determine the similarities or overlap.

The average ratings for each of the strategic orientation and market orientation dimensions are shown in Table 2. It is evident that the heads of IT provided overall higher ratings than the heads of marketing for all the dimensions, and also that the heads of marketing, by and large, provided higher ratings for the marketing function than for the company.

### Table 2. Strategic and market orientation dimensions: average ratings

<table>
<thead>
<tr>
<th>Measures</th>
<th>Dimensions</th>
<th>IT</th>
<th>Marketing</th>
<th>M of Marketing</th>
<th>IT-M</th>
<th>MoCo-MoM</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategic orientation</strong></td>
<td>Aggressiveness</td>
<td>4.83</td>
<td>4.33</td>
<td>4.42</td>
<td>0.50</td>
<td>-0.08</td>
</tr>
<tr>
<td></td>
<td>Analysis</td>
<td>5.33</td>
<td>4.58</td>
<td>4.94</td>
<td>0.75</td>
<td>-0.36</td>
</tr>
<tr>
<td></td>
<td>Defensiveness</td>
<td>4.31</td>
<td>4.22</td>
<td>4.06</td>
<td>0.09</td>
<td>0.17</td>
</tr>
<tr>
<td></td>
<td>Futurity</td>
<td>5.67</td>
<td>4.89</td>
<td>5.28</td>
<td>0.78</td>
<td>-0.39</td>
</tr>
<tr>
<td></td>
<td>Proactiveness</td>
<td>5.22</td>
<td>4.53</td>
<td>5.17</td>
<td>0.69</td>
<td>-0.64</td>
</tr>
<tr>
<td></td>
<td>Innovativeness</td>
<td>5.28</td>
<td>4.56</td>
<td>5.11</td>
<td>0.72</td>
<td>-0.56</td>
</tr>
<tr>
<td></td>
<td>Risk aversion</td>
<td>4.89</td>
<td>4.5</td>
<td>3.78</td>
<td>0.39</td>
<td>0.72</td>
</tr>
<tr>
<td></td>
<td>Average</td>
<td>5.08</td>
<td>4.52</td>
<td>4.68</td>
<td>0.56</td>
<td>-0.16</td>
</tr>
<tr>
<td><strong>Market orientation</strong></td>
<td>Customer analysis</td>
<td>5.11</td>
<td>4.56</td>
<td>5.56</td>
<td>0.55</td>
<td>-1.00</td>
</tr>
<tr>
<td></td>
<td>Customer responsiveness</td>
<td>4.94</td>
<td>4.89</td>
<td>5.56</td>
<td>0.05</td>
<td>-0.67</td>
</tr>
<tr>
<td></td>
<td>Competitor analysis</td>
<td>5.08</td>
<td>4.61</td>
<td>5.06</td>
<td>0.47</td>
<td>-0.44</td>
</tr>
<tr>
<td></td>
<td>Competitor responsiveness</td>
<td>5.14</td>
<td>4.44</td>
<td>4.67</td>
<td>0.70</td>
<td>-0.22</td>
</tr>
<tr>
<td></td>
<td>Interfunctional coordination</td>
<td>4.75</td>
<td>4.69</td>
<td>5.39</td>
<td>0.06</td>
<td>-0.69</td>
</tr>
<tr>
<td></td>
<td>Environmental responsiveness</td>
<td>5.42</td>
<td>4.89</td>
<td>5.33</td>
<td>0.53</td>
<td>-0.44</td>
</tr>
<tr>
<td></td>
<td>Average</td>
<td>5.07</td>
<td>4.68</td>
<td>5.26</td>
<td>0.39</td>
<td>-0.58</td>
</tr>
</tbody>
</table>

In order to better understand the similarities in perceptions of the heads of IT and marketing, the differences between dimension ratings in each of the eighteen companies were examined. The differences are shown in Table 3. In a few cases respondents recorded ratings as falling half way between two adjacent scale items; for example, “3.5”.

Within each company, both the numerical sum and the sums of the absolute values of the recorded scores for each company were examined. The numerical sum provides a sense of the closeness of the ratings in an overall sense, allowing positive and negative ratings differences to offset each other. The sum of absolute value scores gives a sense of the aggregate differences between IT and marketing heads’ ratings, focusing only on the magnitudes of the ratings differences, and ignoring orientation. The right hand two columns provide the across-company average ratings for each dimension, and also the average of the absolute values across all companies. These values provide a sense of which dimensions of the two orientation scales seem to produce the largest and smallest differences between IT and marketing heads.
Without exception, the absolute differences with regard to the business strategic orientation dimensions were considerably larger than those for the market orientation dimensions. This suggests that IT and marketing heads seem to have a better sense of shared understanding and agreement as to the company’s market orientation, than they do with respect to the company’s strategic orientation.

The numerical summaries for each company indicate that, generally speaking, IT heads tend to score both business and marketing strategic orientation more highly across the various scale dimensions than marketing heads. On the strategic orientation scale, fifteen companies showed a positive difference between IT head ratings and marketing head ratings, while on the market orientation scale, fourteen companies showed a positive difference. This raises the possibility of a consistent bias, between IT heads and marketing head. However, in only two cases did the IT head rate both scales lower than the marketing head. Thus we may conclude that the evidence of a consistent bias in scale ratings is not very strong, although it is something that should be borne in mind in further analysis of strategy perceptions which compare IT and marketing heads’ responses.

This observation is confirmed by looking across companies, where it can be seen that, for every dimension of strategic orientation and market orientation, IT heads on average rated their company’s stance more highly than did the marketing heads.

### 4.4 Business and Marketing Performance Measures

In deriving an appropriate measure of business performance and for marketing performance for the research model (Figure 1), it was important to understand how companies actually viewed this construct.
Business performance goals, in all companies, were set annually and usually pegged to budgets. In a number of instances, these were part of a longer term (three years and more) plan, often rolling. Performance reviews ranged from bi-annually to weekly. In all companies, except three, the performance goals could be adjusted.

Performance was predominantly measured according to absolute financial measures. Most companies mentioned profit and sales. Other measures included return to shareholder, return on capital invested, earnings after tax, and share price. Sales growth and growth in revenue were a couple of the relative financial measures, noted by a few companies.

Employee satisfaction, product development, quality performance, safety and health, business innovation, industry awards, and corporate social responsibility were also among the goals set by a number of companies.

The most frequently noted relative market measure was market share, but only four companies mentioned it. A couple of companies actually emphasized the irrelevance of market share for certain industries. Leadership in the industry and market position were also mentioned.

Customer satisfaction, as well as the related dimensions of customer loyalty and customer retention, were other popular market-related indicators.

Generally, the heads of IT and marketing in the same company mentioned similar types of measures. In three instances, there was a very marked duplication of measures named, but in the rest, there were varying degrees of similarity.

As for marketing performance – which only the heads of marketing were required to elaborate on - sales featured as the most commonly used financial measure. Profitability and margin were noted by a number of respondents, as was return on marketing investment. Relative financial measures included share of gross profit and sales gain.

Customer satisfaction and customer loyalty were also frequently used measures, as was customer retention. Other measures included retailer feedback, effectiveness of promotional and advertising campaigns, and industry awards.

Three companies mentioned market share as a measure of marketing performance. Other relative measures were brand strength, customer preference, increased awareness, increase in foot traffic, and increased usage.

Profitability featured prominently as a measure for both marketing and business performance, by the same company. Similarly, most companies which used market share, did so for both marketing and business performance. This was also the case with customer satisfaction and customer loyalty.

5. Discussion
This section elaborates on various issues encountered in conducting the interviews.

In general, the overall perceptions of the heads of IT and marketing of the alignment between the IT and marketing functions – as described qualitatively by the respondents – did not appear to tally with their numerical perceived alignment ratings. This suggested an
inconsistency between respondents’ spoken and quantitative responses. However, where there were differences, the actual ratings appeared to depend on the individual’s benchmarks. For example, one respondent described the relationship as “often not easy” and accorded the perceived alignment a rating of 6, while another who described the relationship as “good” gave the perceived alignment a rating of 5.

Regarding the individual dimensions, it would appear that both the strategic orientation dimensions and the market orientation dimensions were comprehensible to both the IT and the marketing respondents. Neither group displayed any great difficulty in comprehending the concepts or in applying them in their ratings. Although futurity and defensiveness prompted some queries, the latter particularly from the IT respondents, they were satisfied and comfortable in their understanding following some further explanation. The need for further explanation of “defensiveness” by the heads of IT could be attributable to more frequent use of the term in the marketing discipline and the relative absence in the IT areas.

A few respondents suggested “flexibility” as a possible additional dimension of business strategic orientation. However, arguably this dimension is well represented by the included dimensions, responsiveness and proactiveness. A couple of respondents suggested using the term “assertiveness’ in lieu of “aggressiveness.” However, the business and marketing literature refer frequently to aggressiveness and it appears to have been easily understood by all respondents. Adding assertiveness might lead to confusion in distinguishing between manifestations of assertive and aggressive dimensions.

The IT respondents provided overall higher ratings than the heads of marketing on each of the strategic orientation and market orientation dimensions. The marketing respondents provided generally higher ratings of the marketing function than of the company. Although these are average scores which cover numerous underlying extreme and different ratings, this could suggest that the heads of IT either have a greater understanding of their companies’ strategic dimensions or that they view the strategic and market orientation of their companies in a more favourable light or in a more blinkered fashion.

On the other hand, with the majority of both the strategic orientation and the market orientation dimensions, the heads of marketing displayed greater similarity between their ratings of the marketing function and the IT heads’ ratings of the company than with their marketing’s own rating of the company. The marketing function has often been described as the interface between the company and its customers and could thus be expected to demonstrate a similar or even a greater amount of an attribute then the company. These differences tend to support this approach.

The differences between the individual dimension ratings are, however, more telling. The strategic orientation ratings demonstrated far higher discrepancies than those for the market orientation dimensions. This seems to imply that the two functions are more similarly aligned in terms of market orientation than strategic orientation. One might argue that the dimensions which required further explanation – defensiveness and futurity - were not properly understood and were therefore inappropriately rated. However, other dimensions also manifested large differences in ratings.

Regarding business performance, many of the companies were listed on the stock exchange and consequently applied generally accepted accounting measures to their performance. It was thus not surprising that profit, sales, return on capital invested, etc. were noted. Share
price, although relevant to some companies, could not be applied to all. These observations are consistent with the literature reviewed.

A wide variety of non-financial success indicators was provided, including employee satisfaction, safety and health, business innovation, industry awards and social responsibility. It is likely that this has been effected by the growing popularity of the “balanced scorecard” approach to measuring company performance in broader terms than just financial ones. Such measures are probably too company-specific to be applied in any general way to a multi-company study.

The overlaps between the marketing performance and business performance measures indicate either that the marketing function is the essence of the company to such an extent that they are more or less inseparable. Alternatively, it could indicate that there is a lack of clarity of where the responsibilities of the one ends and the other begins.

6 Conclusions and Directions for Future Research

This study explored the alignment between IT/IS and marketing from a strategic perspective, and on the bases of both strategic orientation and market orientation. Findings indicate that IT and marketing are more highly aligned in terms of market orientation than strategic orientation, and that IT demonstrates higher overall ratings than marketing on both the strategic orientation and market orientation dimensions.

Measures of the dependent variable, business performance, displayed a considerable overlap with measures for the intermediary variable, marketing performance.

Future research will focus on quantitative verification of the conceptual model which will demonstrate the impact of alignment on marketing and business performance.

References


Pender, L. “IT versus Marketing – How to End the War and Profit from a New Relationship,” CIO (June), 2001, pp. 98-106.


