

## **Do Service Organizations Need a Different Strategic Marketing Planning? Gaps Analysis**

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### **ABSTRACT**

The aim of this paper is to reveal theoretical gaps that have emerged from the strategic marketing planning literature that need more investigation. The reviewed literature has indicated that most of the previous empirical work of the strategic marketing planning literature has been overwhelmingly carried out in the physical goods organisations. There is lack of empirical studies in the field of strategic marketing planning among service organisations. We argue in this paper that there are gaps that have emerged from the strategic marketing planning literature, which require further examination.

1. There are little empirical studies on the practice of strategic marketing planning in service organisations that aim to reveal if this practice is different between goods and services organisations.
2. The examined literature revealed that there are almost no empirical studies in service organisations that are designed to investigate if formal planners perform better than non planners in service organisations.
3. There is dearth on empirical research studies that are designed to investigate if the comprehensiveness of the strategic marketing planning process leads to achieve better financial and non-financial performance in either goods or service organisations.
4. There are almost no empirical studies that are devoted to examine the theory and practice (a formalised and systemised process) of strategic marketing planning in service organisations.
5. There are very few empirical (especially quantitative studies) research projects that are designed to investigate and examine if a formalised and systemised process would lead to generate competitive marketing strategy that result in achieving superior financial and non-financial performance.
6. There is dearth on empirical studies that aim to investigate the effect of the unique characteristics of services, namely; intangibility, heterogeneity, inseparability, perishability and high labour intensive on the theory and practice of strategic marketing planning in service organisations.
7. Most of the strategic marketing planning literature has been carried out in the context of the traditional 4Ps (product, price, place and promotion) of the marketing mix paradigm, however, the expanded 3Ps (people, processes and physical evidence) of the services marketing mix paradigm have rarely been investigated in the strategic marketing planning literature or process. There are almost no empirical studies that aim to investigate the expanded three Ps in the theory and practice of the strategic marketing planning in service organisations.
8. Empirical research on the relationship between the strategic marketing planning and company performance has reported contradictory results concerning the effect of strategic marketing planning on company performance. More empirical studies are encouraged to examine the effect of strategic marketing planning on company performance to support or contradict the previous literature in different organisations, especially in service organisations.
9. More empirical studies are encouraged to examine if this effect is direct or indirect. In other words, empirical research is necessary to examine if the proposed relationship between the strategic marketing planning and company performance is (a) moderated by other variables e.g., the organisation characteristics (b) or/and mediated by other variables e.g., strategic marketing planning benefits.

**KEYWORDS:** Strategic Marketing Planning, Services Marketing, Gaps Analysis, Service Organisations, Jordan.

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## 1. INTRODUCTION

Jordan is a Today's business organisations` are practising their operations in complex, turbulent and rapidly changing environments. Competitive pressures, changing customers' needs and wants, and huge advances in technological progress are the reasons for which every company inevitably needs to develop a competitive marketing strategy to remain competitive or to improve its performance. However, a considerable amount of strategic marketing planning (McDonald, 1982; Jain, 1997; Glaister and Falshaw, 1999; Conant and White, 1999; Cravens, 2000; Claycomb et al., 2000) has shown that a thorough strategic marketing planning process should produce a competitive marketing strategy. Strategic marketing planning and managing its processes have become more important as managerial tools to cope with a turbulent business environment (e.g., McDonald, 1992; 1996; Hooley et al., 1998). Marketing practice was originally applied and focused on the marketing of physical goods. Recently, services` marketing has been growing rapidly. The number of service industries has increased with the economic and marketing growth over the world. Literature on services has revealed that marketing strategies in service organisations are different from those that are being used in the marketing of goods (e.g., Thomas, 1978; Zeithaml et al., 1985; Lovelock, 2001). Marketing strategy formulation and implementation are crucial parts of the strategic marketing planning process from which a company must be able to produce a marketing strategy that achieves its objectives.

In this paper, we provide a broad literature review to identify those factors considered as potential influencers of strategic marketing planning processes and organisation performance. We describe the methodology used in this paper. We then examine the current status of each issue addressed in the strategic marketing planning literature and then provide gaps analysis in order to delineate future research agenda that need more empirical investigation in future research endeavours.

### Study Objectives

#### The major aim of this study is:

“To investigate if service organisations need a different strategic marketing planning practice and activities, and to reveal theoretical gaps that have emerged from the strategic marketing planning literature that needs more investigation”.

In order to achieve this aim it has been broken down

into a number of objectives which are translated into questions that need to be investigated and addressed:

1. Do service organisations that have a formalised and systemised strategic marketing planning process generate a competitive marketing strategy that leads to superior financial and non-financial performance?
2. Does comprehensiveness of the strategic marketing planning process lead to achieve better financial and non-financial performance?
3. Do service organisations that have a formalised and systemised strategic marketing planning process perform better than those that do not have a formal process?
4. Does the higher top management support lead to higher practice of the strategic marketing planning in service organisations?
5. Does the strategic marketing planning affect service organisations performance assessed by financial and non-financial criteria?
6. Do the organizational characteristics (e.g., organization's size, industry...etc) moderate the proposed relationship between the strategic marketing planning and performance in service organisations?
7. Do the strategic marketing planning benefits mediate the proposed relationship between the strategic marketing planning and performance in service organisations?

### Research Methodology

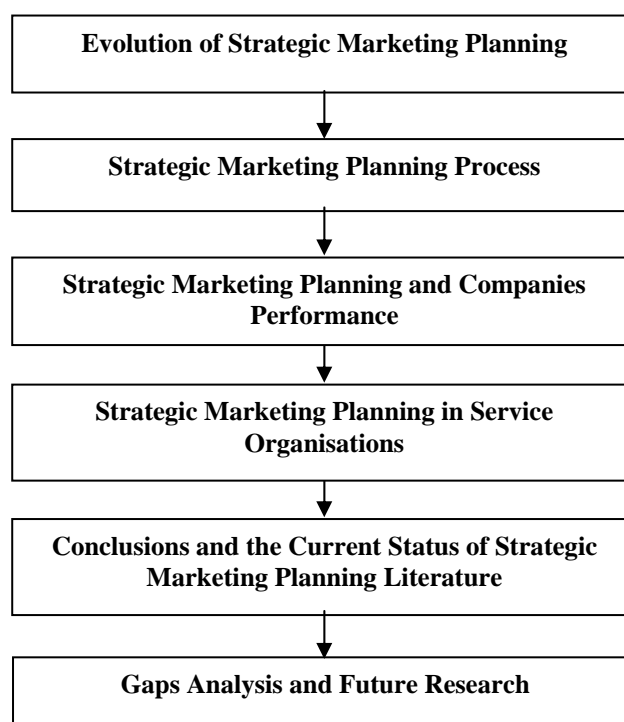
The methodology has focused on previous theoretical and empirical research in the field of strategic marketing planning through analysing and criticising its shortcomings to reveal theoretical gaps that have emerged and need more investigation in the service organisations. Consequently, the analytical and critical methodology is employed in this paper to reveal theoretical and empirical shortcomings in the current status of strategic marketing planning in service organisations in order to build up a solid service marketing practice. This is achieved through providing conceptual propositions and explaining the current status of literature on each proposition and accurately identifying what needs to be investigated in future research endeavours.

## 2. STRATEGIC MARKETING PLANNING BACKGROUND

The literature has shown that there was no substantial

interest in strategic marketing planning during the 1960s and early 1970s (Abell and Hammond, 1979; McDonald, 1982; Brownlie, 1985), however, since the 1980s there has been a considerable literature on strategic marketing planning (Cowell, 1984; Kotler, 1980; Jain, 1997). Strategic planning has increasingly been seen as an important tool to cope with a growing complex and turbulent business environment and the increasing complexity of the marketing tasks in all kinds of organisations (Gluck et al., 1980; McDonald, 1989, 1996; Hooley et al., 1998; Baker, 2000). A number of challenges has contributed to this, including an increase

in environmental uncertainty, the external interdependence of organisations, organisational diversifications and size, and more recently the disappearance of conventional marketing structures (McDonald, 1982; 1992; 1999). These challenges have a crucial role in the development of different strategic planning systems that can enable organisations to cope with these challenges (Gluck et al., 1980; McDonald, 1996; Hooley et al., 1998; Baker, 2000). To present a comprehensive view on this topic, Figure 1 shows the flow of the strategic marketing planning literature review.



**Figure 1: Strategic Marketing Planning Literature Review.**

### **3. STRATEGIC MARKETING PLANNING IN SERVICE ORGANISATIONS**

A careful examination on the strategic marketing planning literature has revealed that the theory and practice of strategic marketing planning in service organisations are different from those of physical goods organisations. The literature has revealed that (Rue and Fulmer, 1973; Schoeffler et al., 1974; Hooley, 1984; Greenley, 1983; Welch, 1984; Verhage and Waarts, 1988; Hooley and Mann, 1988; Berry et al., 1991; Creveling, 1994; Glaister and Falshaw, 1999; Anderson, 2000) the majority of research in this field seem to be overwhelmingly directed to investigate the effect of strategic marketing planning on

performance in physical goods organisations. The strategic marketing planning studies are rarely conducted in the service businesses. Even those previous studies (Rue and Fulmer, 1973; Schoeffler et al., 1974; Hooley, 1984; Welch, 1984; Verhage and Waarts, 1988; Glaister and Falshaw, 1999; Anderson, 2000), which were conducted, included service organisations in their samples as a minor not a major representation.

The literature of services marketing suggests that the marketing strategies in service organisations are different from those that are being used in the marketing of goods (Thomas, 1978; Zeithaml et al., 1985; Lovelock, 2001). This is due to the unique characteristics of services,

namely; intangibility, heterogeneity, inseparability, perishability and high labour intensive, which have crucial implications on service marketing operations. These characteristics need a special attention while conducting strategic marketing planning processes. As a consequence, the unique characteristics of services should be considered thoroughly in the strategic marketing planning process and they do add some problems to the SMP (e.g., Ennew, 1998; Lovelock, 2001). Examining the strategic marketing planning literature indicates that it provides insufficient insights for these characteristics during the planning phase. Consequently, the strategic marketing planning literature should pay more attention to the unique characteristics of services that create different marketing problems to service organisations. More empirical research in this area is necessary.

Furthermore, the majority of strategic marketing planning literature has been carried out in and directed to the traditional components of the classic elements of marketing mix model that have been extensively used in the marketing of physical goods. The literature of services marketing has revealed that there are three new elements that should be added to the classic 4Ps (product, price, place and promotion) of the marketing mix paradigm for service organisations. The new elements, namely; people, process, and physical evidence should be separate and strategic variables in service marketing strategy (Donnelly, 1976; Booms and Bitner, 1981; Cowell, 1984; Magrath, 1986; Judd, 1987; Collier, 1991; Smith and Saker, 1992; Low and Lan, 1995; Rafiq and Ahmed, 1995; Kotler, 2000; Zeithaml and Bitner, 2000; Lovelock, 2001). Consequently, the literature of the strategic marketing planning has provided insufficient insights to the planning of these elements (people, process and physical evidence) which have a critical role to play in service organisations operations. There is almost no empirical work that is designed to investigate the practice of strategic marketing planning in relation the expanded elements of the services marketing mix paradigm. These elements need much more attention in the strategic marketing planning literature (e.g., Bitner, 1992; McDonald, 2002).

Based on the above discussion in the field of strategic marketing planning, it can be argued that the theory and practice of the strategic marketing planning in service organisations are relatively different from those that are being practiced in the physical goods organisations. Consequently, this research has forwarded seven

propositions that aimed to provide evidence, from a conceptual standpoint, that the strategic marketing planning in service organisations is different from those of physical goods organisations. This would provide a solid theoretical foundation for future empirical research endeavours in the field of strategic marketing planning in service organisations.

**Proposition 1:**

Do service organisations that have a formalised and systemised strategic marketing planning process generate a competitive marketing strategy that leads to superior financial and non-financial performance?

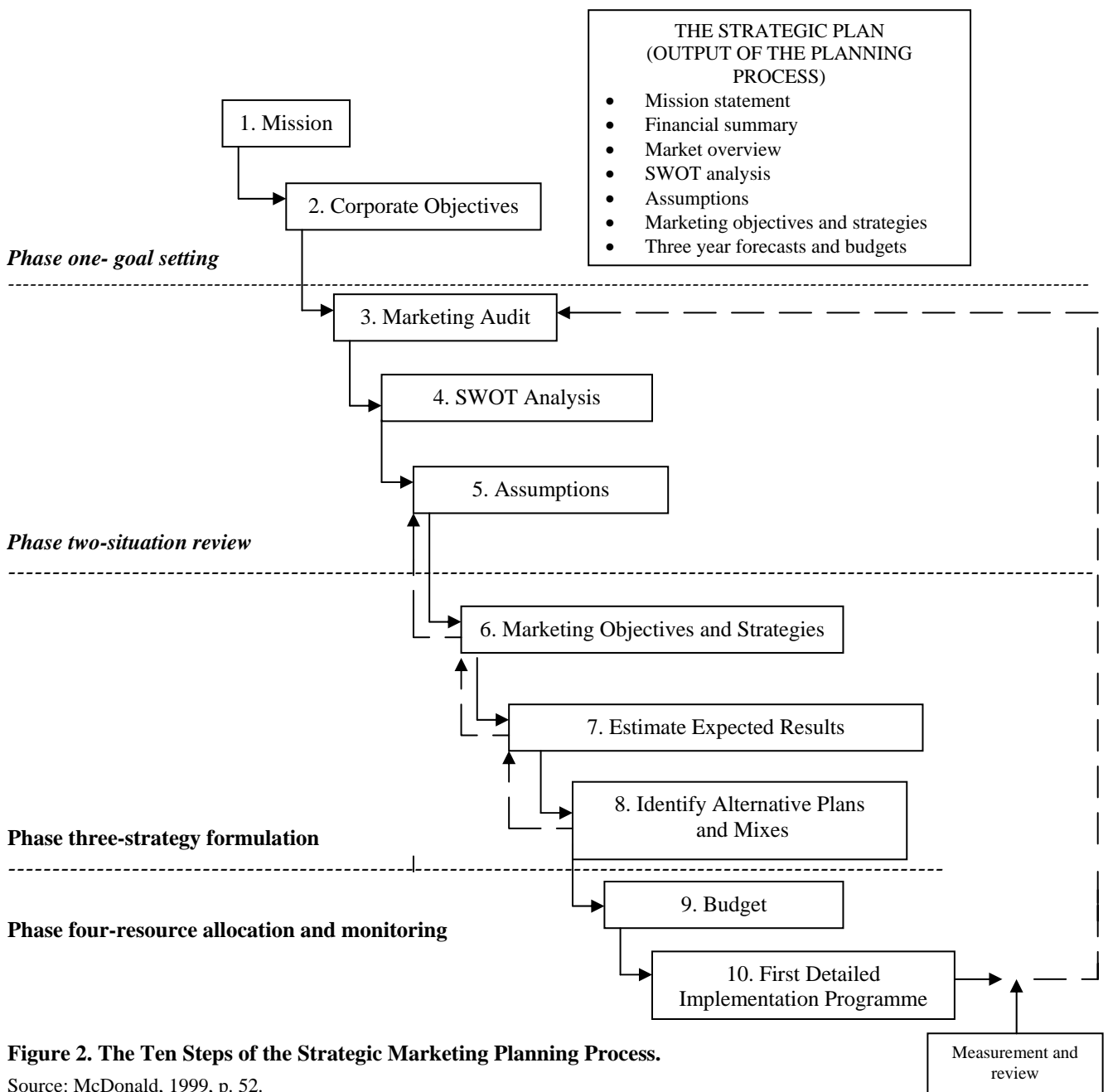
**Proposition 2:**

Does comprehensiveness of the strategic marketing planning process lead to achieve better financial and non-financial performance?

The literature has shown that strategic marketing planning is a process (McDonald, 1992; Greenley and Bayus, 1994; Ennew, 1998; McDonald, 1999, Claycomb et al., 2000; Baker, 2000). The process is dynamic and continuous (Brownlie, 1985) and it should be systemised in an efficient way (McDonald, 1982; 1996). Strategic marketing planning is the process of positioning an organisation so that it can prosper in the future. Decisions that are being taken by management today deal with the futurity of those decisions not with the future decisions (Drucker, 1968). McDonald (1982; 1999) argued that the heart of the marketing planning theory is the systemisation of the process. This process requires that the organisation should focus on the main challenges that face it and their effect on its success. It should focus on its customers and their needs and try to explore every chance that can provide a differential advantage to the company over its competitors (McDonald, 1999). This process should employ the creative power of managers and staff because the final result of the process involves the development of the intellectual skills (Brownlie, 1985; McDonald, 1992) and a set of plans that help the organisation to achieve its goals. The core focus of the planning system is on the formulation of strategies that become a source of competitive advantage (Brownlie, 1985) and, through the planning system translates these strategies into short-run operational plans and strategies for implementation (Steiner, 1983). The consequence of the strategic marketing planning process is producing a competitive strategy, which may result in improved financial performance (Ryhne, 1986), identification and creation of sustainable competitive advantage (McDonald, 1992).

Consequently, the strategic marketing planning process is a logical sequence of activities that leads to the establishment of the mission, marketing objectives, selecting strategies and tactics and resources allocation (McDonald, 1989; 1992; Claycomb et al., 2000; Baker, 2000). The strategic marketing planning can establish, build, defend and achieve a sustainable competitive advantage by differentiating the company from its competitors by using its distinctive competencies (Brownlie, 1985; McDonald, 1992 1999) and its relative strengths to better satisfy its customers needs (Claycomb

et al., 2000). In practice, there is no single unified strategic marketing planning process, which is able to produce a competitive marketing strategy, subsequently the strategic marketing planning process will be tailored to each company according to its needs. McDonald (1999) provided a comprehensive model of strategic marketing planning that explains its main components. McDonald argues that the strategic marketing planning process includes ten steps. Figure 2 shows these ten steps and the figure also contains four major phases.



**Figure 2. The Ten Steps of the Strategic Marketing Planning Process.**

Source: McDonald, 1999, p. 52.

The major phases are the goal setting, situation review, strategy formulation, and resource allocation and monitoring. The dotted lines between stages 5-8 indicate the reality of the planning process, which means that each step has to go through deliberations and thorough investigation before the final programmes are written, which means that in this model the comprehensiveness and multidimensionality are implicitly proposed (McDonald, 1999).

Empirical studies (Ansoff et al., 1970; Thune and House, 1970; Herold, 1972; Rue and Fulmer, 1973; Schoeffler et al., 1974; Karger and Malik, 1975) have shown that there is a positive effect from the adoption of formalised long-range planning systems on the company performance. Formalising the long-range planning process should encourage creativity, producing good strategies and policies that enable the company to achieve the required performance (Camillus, 1975; Steiner, 1983; Brownlie, 1985; McDonald, 1996; Jain, 1997). Leontiades and Tezel (1980) found that there was no positive association between formal planning and corporate performance as supposed by prior empirical studies that purported to find such a positive relationship. The study failed to support the contention that formal planners outperform informal planners. Hooley (1984) found that (a) differences in performance associated with the different approaches to the marketing planning were found. (b) Companies, which adopted formal planning, long-range plans achieved better profit margins and higher performance than their competitors (Hooley, 1984).

Welch (1984) found that definite long-term financial payoffs came from strategic planning, and companies that did get involved in formal strategic planning system were found to achieve a much higher price/earning ratio than companies in the same industry that did not (Welch, 1984). Verhage and Waarts (1988) attempted to determine if the relationships found in the UK and U.S studies applied to the Netherlands. They found that most of the companies which developed formal marketing and long-range marketing plans on an annual basis had better profit margins than their competitors (Verhage and Waarts, 1988).

Baker et al. (1993) conducted a study, in small businesses in the US. They found that the CEOs of the study sample had felt that a formal, documented strategic planning process had improved their companies' performance in terms of profitability. Using strategic

planning regularly enhanced companies' profitability, marketing, leadership, decision making, communication, and motivation (Baker et al., 1993). In the insurance sector in the US market, it was found that the insurance agents who did get involved in marketing planning had achieved better success, growth, management and staff skills, insurance experience and the revenues were higher than insurance agents who did not get involved in business and marketing planning (Creviling, 1994).

Glaister and Falshaw (1999) conducted a study in the UK manufacturing and service companies. They found that there is a very positive attitude towards strategic planning and there is a broad agreement that formal strategic planning is an effective method to achieve improved performance, make effective strategies, and achieve objectives over long periods (five years) (Glaister and Falshaw, 1999). Claycomb et al. (2000) examined the effect of formal strategic marketing planning processes with various outcomes of industrial companies. They found that companies that do engage in formal strategic marketing are found better performers in both market and financial performance consequences; market share, sales growth, profit, return on investment, and return on sales, as well as non-financial consequences, such as monitoring companies' performance and specialised marketing activities. In a recent qualitative research (case studies), Ashill et al. (2003) found that, in general, comprehensiveness of the strategic marketing planning process has led to generate better understanding of marketing strategies among most of the cases that were investigated.

### Gap Analysis for Propositions 1 and 2

**Gap One:** most of the studies that claimed that a formalised and systemised strategic marketing planning process leads to generate competitive marketing strategy to achieve superior performance are almost conceptual. There are very few empirical (especially quantitative studies) research projects that are designed to investigate if a formalised and systemised process would lead to generate competitive marketing strategy that results in achieving superior financial and non-financial performance. Empirical research in this area is needed.

**Gap Two:** there are almost no empirical studies that are devoted to examine the theory and practice (a formalised and systemised process) of strategic marketing planning in service organisations. Empirical research is

needed to reveal if this practice is different among service organisations.

**Gap Three:** there is dearth on empirical research studies that are designed to investigate if the comprehensiveness of the strategic marketing planning process leads to achieve better financial and non-financial performance in either goods or service organisations. Empirical studies in this area are encouraged.

**Proposition 3:**

Do service organisations that have a formalised and systemised strategic marketing planning process perform better than those that do not have a formal process?

The literature discussed in this section has presented some contradictory results concerning the debate whether organisations that have a formalised and systemised strategic planning process perform better than those who do not have. Ansoff et al. (1970) found that (a) the planners significantly out-performed the non-planners based on the financial measures. On the other hand, using subjective measures, little difference was found between formal planners and non-formal planners. (b) The planners performed consistently better than non-planners in the same industry category. The companies with systematic planning and execution were found more predictable in their performance (Ansoff et al., 1970). Thune and House (1970) attempted to investigate the effect of adoption of formal long-range planning on the organisational performance. They found that formal planners significantly outperformed informal planners with respect to five economic measures e.g., sales and return on total capital employed (Thune and House 1970).

In 1972, Herold attempted to cross-validate and broaden the findings of Thune and House (1970). Herold found that formal planners who adopted long-range planning, significantly outperformed informal planners with respect to sales and profits as criteria for performance measurements. The superiority of formal planners over informal planners differs by the industry category. For example, the formal planners in the drug industry outperformed significantly their counterparts in the chemical industry. The formal planners who had spent more than their industry average on research and development significantly outperformed non-planners who had not (Herold, 1972).

Rue and Fulmer (1973) aimed to determine the relationship between the long-range planning and the

financial performance for the U.S companies. They found that the service firms had not been engaged in long-range planning for a period of time long enough for it to have any appropriate impact on their performance. The most consistent result appearing in the service companies, were that non-planners outperformed planners, meanwhile, in the industrial companies' planners outperformed non-planners (Rue and Fulmer, 1973). Karger and Malik (1975) investigated the effects of formal integrated long-range planning upon common accepted financial performance measures. The study strongly showed that planners who adopted long-range planning outperformed non-planners by using the company's financial performance measures (Karger and Malik, 1975).

A study conducted by Leontiades and Tezel (1980) failed to support the contention that formal planners outperform informal planners. Hooley (1984) found that companies, which adopted formal planning, long-range plans achieved better profit margins and higher performance than their competitors (Hooley, 1984). Another study conducted by Welch (1984) found that companies who did get involved in formal strategic planning system were found to achieve a much higher price/earning ratio than companies in the same industry who did not (Welch, 1984). In the same vein, Verhage and Waarts (1988) found that most of the companies who developed formal marketing and long-range marketing plans on an annual basis had better profit margins than their competitors (Verhage and Waarts, 1988). Claycomb et al. (2000) found that companies that do engage in formal strategic marketing are found better performers in both market and financial performance consequences; market share, sales growth, profit, return on investment, and return on sales, as well as non-financial consequences, such as monitoring companies' performance and specialised marketing activities.

**Gap Analysis for Proposition 3**

**Gap One:** the literature shows that organisations that conduct formal strategic marketing planning process and procedures perform better than those who do not, however, there are almost no empirical studies neither in goods nor in service organisations, especially in Jordan, to support or contradict the previous research findings in this area. More research is needed in this area.

**Gap Two:** the examined literature revealed that there are almost no empirical studies in service organisations

that are designed to investigate if formal planners perform better than non planners in service organisations. This is a very fruitful area of research.

**Proposition 4:**

Does the higher top management support lead to higher practice of the strategic marketing planning in service organisations?

Literature on strategic marketing planning indicates that the top management support has a very vital role to play on the success of the strategic marketing planning in all kinds of organisations (Abell and Hammond, 1979; Jain, 1997; Baker, 2000). This is because marketing as a business philosophy is involved all the time with the company's customers in the marketplace, and it knows its customers needs and wants and how to satisfy them. This is supported by Webster (1988) who argues that "corporate and formal strategic planning were completely consistent with the strategic orientation of the marketing concept and the emphasis on the marketing as a general management philosophy" (Webster, 1988: 32). Hooley et al. (1998) also give another support that both strategic planning and strategic marketing planning share many activities, but the span and breadth of strategic planning is more comprehensive, which covers all the organisation's activities (Hooley et al., 1998). Then, strategic marketing planning began to emerge and be involved in the overall corporate strategic planning process (Webster, 1988; Hooley et al., 1998; Ennew, 1998; Cravens et al., 1998).

Steiner (1983) argued that the CEO and top management commitment, support and personnel responsibility for the strategic planning process were seen to have a crucial effect on such a process. Another study conducted by Welch (1984) found that conducting strategic planning on the corporate level was found more effective than conducting strategic planning at the divisional level. This is because corporate executives were found to have more of a company-wide perspective than were divisional managers (Welch, 1984). Baker et al. (1993) found that the Vice President of marketing was considered one of the important key players in conducting the strategic and business planning (Baker et al., 1993).

**Gap Analysis for Proposition 4**

**Gap One:** the discussed literature is, generally speaking, conceptual in nature and there are very few

empirical studies that validated the claims of strategic marketing planning that the higher top management support leads to higher practice of strategic marketing planning. Empirical research in this area is needed.

**Gap Two:** there is almost no empirical research in service organisations that examined if the higher top management support leads to higher practice of strategic marketing planning in service organisations. Empirical research is very much needed here.

**Proposition 5:**

Does the strategic marketing planning affect service organisations performance assessed by financial and non-financial criteria?

The strategic marketing planning literature (Abell and Hammond, 1979; Stasch and Lanktree, 1980; McDonald, 1982; Steiner, 1983; Hooley, 1984; Welch, 1984; Verhage and Waarts, 1988; Baker et al., 1993; Creviling, 1994; Glaister and Falshaw, 1999; Conant and White, 1999; Anderson, 2000) has shown its vital contribution to the success of organisations, especially on their performance.

Schoeffler et al. (1974) investigated the impact of strategic planning on profit performance. They found that market share is a major influencer on business profitability, and the market share and product quality are important determinants of return on investment (Schoeffler et al., 1974). Greenley (1983) conducted a study in the UK service companies. He found that (a) the marketing planning operations in many of them were not developed as they could be developed. (b) 62 % and 76% of respondents had prepared marketing and corporate plans, respectively. (c) 12% of respondents were considered to have a comprehensive marketing plan format, which includes situation analysis, objectives, strategy statement, action programme, budget and control (Greenley, 1983).

Shrader et al. (1984) found that there was no clear systematic relationship between long-range planning and organisational performance (Shrader et al., 1984). Hooley (1984) found that companies, in which their managers were very aware and used the strategic marketing planning tools and techniques, tended to be more successful in terms of earning profit margins and performance relative than their major competitors (Hooley, 1984). Welch (1984) found that definite long-term financial payoffs came from strategic planning.



Greenley (1986) argued that there was no concrete relationship between strategic planning and companies' performance in industrial companies. He concluded that there were no conclusive results in establishing a relationship between strategic planning and performance.

Verhage and Waarts (1988) found that there was a relationship between the level of marketing planning and company performance. Most of the study's companies who developed formal marketing and long-range marketing plans on an annual basis had better profit margins than their competitors (Verhage and Waarts, 1988). In the same vein, Baker et al. (1993) found that using strategic marketing planning regularly enhanced companies' profitability, marketing, leadership, decision making, communication, and motivation (Baker et al., 1993). Glaister and Falshaw (1999) conducted a study in the UK manufacturing and service companies. They found that there is a very positive attitude towards strategic planning and there is a broad agreement that formal strategic planning is an effective method to achieve improved performance, make effective strategies, and achieve objectives over long periods (five years) (Glaister and Falshaw, 1999).

However, some of the previous studies (Rue and Fulmer, 1973; Camillus, 1975; Leontiades and Tezel, 1980; Greenley, 1982; 1983; Shrader et al., 1984; Greenley, 1986) have reported contradictory findings on the relationship between strategic marketing planning and company success especially in terms of financial criteria success. Much of the strategic marketing planning literature has been criticised in terms of:

- a. Much of the debate regarding the strategic marketing planning is conceptual and/or normative in nature with a major emphasis on explaining how marketing planning should be undertaken (McDonald, 1992).
- b. Most of previous studies have used the formality of planning or the comprehensiveness of it as an independent variable, but there is a need for a new multidimensional measure for marketing planning.
- c. Most of the previous studies have focused heavily on the financial consequences of strategic marketing planning (Conant and White, 1999).

Conant and White (1999) investigated the effect of the marketing planning programmes and the strategic marketing planning process benefits on company's performance. They found that marketing programme planning has a positive impact on both market knowledge

and marketing programme effectiveness, both of which are significantly related to better financial performance (Conant and White, 1999). Claycomb et al. (2000) found that companies which do engage in formal strategic marketing have more specialists who direct their efforts to define a set of marketing activities, such as sales forecasting and market research (Claycomb et al., 2000). Anderson (2000) investigated the effect of strategic planning on the organisational performance. He found that (a) across the different industries, strategic planning has significant positive relationships to economic performance and organisational innovation. (b) Strategic planning has significant effects on organisational measures. Ashill et al. (2003) argue that strategic marketing planning empirical studies have been few in number. Moreover, recent research (Akroush, 2005) has recommended conducting research projects to investigate the applicability and generalisibility of marketing concepts, theories, and models and company performance in business environments in developing countries as proposed in the Western business environments.

#### **Gap Analysis for Proposition 5**

**Gap One:** although there has been a significant body of literature concerning the relationship between strategic marketing planning and performance but this literature has presented contradictory results; support or contradict this relationship. Consequently, more empirical studies are needed to support or contradict the previous empirical studies.

**Gap Two:** there are almost no empirical studies that are designed specifically to examine the relationship between strategic marketing planning and performance in service organisations. This is a very rich area that needs more investigation.

#### **Proposition 6:**

Do the organizational characteristics (e.g., organization's size, industry...etc) moderate the proposed relationship between the strategic marketing planning and performance in service organisations?

This section examines relevant literature that advocates that the relationship between strategic marketing planning and performance may be moderated by other variables. Schoeffler et al. (1974) investigated the impact of strategic planning on profit performance. They found that market share is a major influence on business profitability, and the market share and product

quality are important determinants of return on investment. Furthermore, company characteristics; size, diversity, and other factors determine company profitability (Schoeffler et al., 1974). Haspelagh (1982) argued that the secret to success does not lie in the planning analytical techniques that are the cornerstone of portfolio planning theory but rather in meeting the administrative challenges of embodying the theory in the management process. He found that the benefits of the portfolio planning approach were good quality of strategy generation, the commitment of resources, better understanding of each SBU, and improvement in strategic decisions (Haspelagh, 1982).

Steiner (1983) argued that more sophisticated formal strategic planning systems were found in the larger companies and their divisions. Strategic thinking is encouraged and it is a daily discipline. The CEO and top management commitment, support and personnel responsibility for the strategic planning process were seen to have a crucial effect on such a process. It should be recognised that every planning system must fit the unique characteristics of the organisation and its managers. This means that the planning systems will vary depending upon the managerial styles and decision making process.

Greenley (1986) argued that there was no concrete relationship between strategic planning and companies' performance, in industrial companies. He concluded that there were no conclusive results in establishing a relationship between strategic planning and performance. This is supported by recognising the importance of some variables that have an effect on this relationship between the strategic marketing planning and company performance. Some of these variables are the company size and availability of formal planning system (Greenley, 1986). Claycomb et al. (2000) examined the effect of formal strategic marketing planning processes with various outcomes of industrial companies. They found that moderating variables such as firm size and market growth are found as significant predictors of the strategic marketing planning and, the company's size is found the most important predictor factor (Claycomb et al., 2000).

### Gap Analysis for Proposition 6

A significant stream of research in the field of strategic marketing planning has emerged and strongly argued that the proposed relationship between strategic marketing planning and performance is neither simple nor

direct. The discussed literature shows that this relationship may be moderated (stronger or weaker) or affected by a number of variables that may have an important role to play on this relationship. Some of those variables are organisational characteristics, market growth and top management support. More empirical studies are needed to examine if the proposed relationship is moderated by other variables.

### Proposition 7:

Do the strategic marketing planning benefits mediate the proposed relationship between the strategic marketing planning and performance in service organisations?

This section examines relevant literature that advocates that the relationship between strategic marketing planning and performance is indirect and may be mediated by other variables. Camillus (1975) argued that there was no systematic understanding of how and why formalisation of planning activities affects the corporate performance. He argued that formalisation of the long-range planning activities appears desirable to a large and increasing portion of business. This can be achieved through the benefits that could be obtained from formalising the long-range planning process as well as avoiding some dysfunctional consequences of formalising the strategic planning process. Camillus (1975) pointed out a number of strategic planning process benefits e.g., carrying out strategic planning at a pre-determined time, developing broad strategies and long-term policies and, carefully selecting people who should participate in it. Avoiding some dysfunctional consequences of formalising the planning process includes e.g., this process can inhibit creativity because it might become a meaningless ritual instead of an exercise seeking very specific purposes (Camillus, 1975).

Shrader et al. (1984) reported that there was no clear systematic relationship between long-range planning and organisational performance. They argued that the relationship between them was affected by a number of factors. These factors are characteristics of the environment, stage of the organisation's life, managerial skill, time, quality of planning efforts, comprehensiveness of efforts; organisation structure, companies' growth and diversification and market structure. When the company increases its congruity among these factors, it increases the value of the planning system, which has more direct impact on the organisational performance (Shrader et al., 1984). This

study supported both Schoeffler et al. (1974) and McDonald (1982) studies for the importance of these factors on the organisational performance.

Some authors have reported that these contradictory findings come out because some authors have focused exclusively on the direct financial payoffs of planning rather than the intermediate process benefits that accrue from engaging in the strategic marketing planning process. Conant and White (1999) argue that the strategic marketing planning process does improve the financial performance of companies but not as a direct effect of the strategic marketing planning process itself. The strategic marketing planning process provides the company with a number of intermediate process benefits; marketplace knowledge (competitors, customers, and the environment in which it operates) and competence in developing marketing programmes, which improves the companies' performance (Conant and White, 1999).

Conant and White (1999) investigated the effect of the marketing planning programmes and the strategic marketing planning process benefits on company's performance. They found that marketing programme planning has a positive impact on both market knowledge and marketing programme effectiveness, both of which are significantly related to better financial performance. The marketing programmes planning process benefits are considered significant predictors and fully mediated the relationship between marketing programmes planning and the company's financial performance (Conant and White 1999). A recent study was carried out by Slotegraaf and Dickson (2004) found that marketing planning capabilities have a direct effect on company's performance.

#### **Gap Analysis for Proposition 7**

A significant stream of research in the field of strategic marketing planning has emerged and strongly argued that the proposed relationship between strategic marketing planning and performance is indirect and is very complicated. This stream of research advocates that this proposed relationship is indirect and exists as a result of benefits created by the strategic marketing planning process not the process itself. They advocate that these benefits have a stronger effect on organisations' performance than the strategic marketing planning itself. Some of those benefits are marketing planning capabilities, market knowledge, customer knowledge and creativity. Consequently, more research is critically

needed to examine if this proposed relationship is mediated by the strategic marketing planning benefits.

#### **4. CONCLUSIONS, RECOMMENDATIONS AND FUTURE RESEARCH**

The major conclusions, recommendations and future research of this research can be summarised as shown below:

1. Most of the strategic marketing planning studies that claimed that a formalised and systemised strategic marketing planning process leads to generate competitive marketing strategy to achieve superior performance are almost conceptual. There are very few empirical (especially quantitative studies) research projects that are designed to investigate if a formalised and systemised process would lead to generate competitive marketing strategy that results in achieving superior financial and non-financial performance. Empirical research in this area is needed.

2. There are almost no empirical studies that are devoted to examine the theory and practice (a formalised and systemised process) of strategic marketing planning in service organisations. Empirical research is needed to reveal if this practice is different among service organisations.

3. There is dearth on empirical research studies that are designed to investigate if the comprehensiveness of the strategic marketing planning process leads to achieve better financial and non-financial performance in either goods or service organisations. Empirical studies in this area are encouraged.

4. The literature in the field of strategic marketing planning shows that organisations that conduct formal strategic marketing planning process and procedures perform better than those which do not, however, there are almost no empirical studies neither in goods nor in service organisations, especially in Jordan, to support or contradict the previous research findings in this area. More research is needed in this area.

5. The examined literature revealed that there are almost no empirical studies in service organisations that are designed to investigate if formal planners perform better than non planners in service organisations. This is a very fruitful area of research.

6. The discussed literature is, generally speaking, conceptual in nature and there is almost no empirical research in service organisations that examined if the

higher top management support leads to higher practice of strategic marketing planning in service organisations. Empirical research is very much needed here.

7. Although there has been a significant body of strategic marketing planning literature that found that there is a relationship between strategic marketing planning and performance this literature has presented contradictory results; support or contradict this relationship. Consequently, more empirical studies are needed to support or contradict the previous empirical studies. Furthermore, there are almost no empirical studies that are designed specifically to examine the relationship between strategic marketing planning and performance in service organisations. This is a very rich area that needs more investigation.

8. A significant stream of research in the field of strategic marketing planning has emerged and strongly argued that the proposed relationship between strategic marketing planning and performance is neither simple nor direct. The discussed literature shows that this relationship may be moderated (stronger or weaker) or affected by a number of variables that may have an important role to play in this relationship. Some of those variables are organisational characteristics, market growth and top management support. More empirical studies are needed to examine if the proposed relationship is moderated by other variables.

9. Other significant stream of research in the field of strategic marketing planning has emerged and strongly argued that the proposed relationship between strategic marketing planning and performance is indirect and is very complicated. This stream of research advocates that this proposed relationship is indirect and exists as a result of benefits created by the strategic marketing planning process not the process itself. They advocate that these benefits have a stronger effect on organisations' performance than the strategic marketing planning itself. Some of those benefits are marketing planning capabilities, market knowledge, customer knowledge and creativity. Consequently, more research is critically needed to examine if this proposed relationship is mediated by the strategic marketing planning benefits.

10. The strategic marketing planning literature has

revealed that empirical studies are rarely conducted in service organisations. There is little empirical work that is designed to investigate the practices of strategic marketing planning in service organisations to reveal if this practice is different between goods and service organisations. This would provide both academic and practitioners a better understanding of the theory and practice of strategic marketing planning.

11. The literature of services marketing indicates that the marketing strategies in service organisations are different from those that are being used in the marketing of goods (Thomas, 1978; Zeithaml et al., 1985; Lovelock, 2001). Marketing scholars have agreed that the unique characteristics of services create special problems and challenges, which need special marketing strategies to deal with them in service businesses. Therefore, the strategic marketing planning literature should pay more attention to the unique characteristics of services while practising strategic marketing planning. Further, there are no empirical studies that are devoted to examine the effect of the unique characteristics of services on the theory and practice of strategic marketing planning.

12. Much of the strategic marketing planning literature has been carried out in and directed to the traditional components of the classic elements of marketing mix model that have been extensively used in the marketing of physical goods. The literature of services marketing has revealed that there are three new elements that should be added to the classic 4Ps (product, price, place and promotion) of the marketing mix paradigm for service organisations. The new elements, namely; people, process, and physical evidence that should be separate and strategic variables in service marketing strategy. Consequently, the literature of the strategic marketing planning has provided insufficient insights to the planning of these elements (people, process and physical evidence) which have a critical role to play in service organisations' operations. There is almost no empirical work that is designed to investigate the practice of strategic marketing planning in relation to the expanded elements of the services marketing mix paradigm.

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