A Conceptual Framework for Marketing Strategies in Web 3.0 Age: Adaptive Marketing Capabilities

Volkan POLAT, Yalova University, Turkey
Ali E. AKGÜN, Gebze Technical University, Turkey

Abstract
Marketing departments face with a deluge of data that leads to trouble to organizations to comprehend and use. Organizations must either change static approaches or upgrade capabilities with adaptive ones to survive in the market place as leader and live more than competitors. In this study, adaptive marketing capabilities have been examined, and developed a conceptual frame work to shed light for further studies. It is revealed from this study that organizations should reconsider and focus on marketing capabilities in the context of adaptability for sustainable competitive advantage, in addition to exploring and responding to customer needs with traditional methods.

Keywords: marketing capabilities, adaptiveness, dynamic capabilities, social media, CRM

1. Introduction
Customer needs are continually growing and changing in excessive competitive environment. Firms should sense and respond these changes much more quickly than competitors to create competitive advantage (Roberts and Grover, 2012). On the other hand, there is a gap between organizations and the market in which increasing the complexity, the burden of information, and speed of change. However, organizations have limited capacity to understand and overcome these realities in place (Day, 2011). Therefore, for sustainable competition, beside observing and responding efficiently and quickly customer needs, focusing on marketing capabilities is vital for the organizations (Koste, Malhotra and Sharma, 2004). Research shows that marketing capabilities are key factors for commercial success of a full range of products and services, and also they should be considered for the theory and practice of marketing strategies in this direction (Weerawardena, 2003).

The subject of this study is to evaluate the adaptive marketing capabilities in accordance with the concepts of marketing capabilities which are brand management, customer relationship management (CRM), price management and multiple channel management (Choudhury and Harrigan, 2014; Banyte, Gudonaviciene and Grubys, 2011; Hinz, Hann and Spann, 2011; Day, 2011; Bradner, Spivey and Wise, 2009; Mohr, 2000; Moriarty and Kosnik, 1989). There are two
purposes of this study. First is that the examining the elements of adaptive marketing capabilities that distinguish from dynamic marketing capabilities with a wide range of literature review to build a conceptual framework. On the other hand, an increasing number of researches in the world have been investigating adaptive capabilities for organizations from many different management and operation aspects. Thus, we intend to shed light on marketing capabilities with new discussions for academicians and practitioners. The paper is structured as follows. First, based on the existing marketing and adaptability theories, we have examined marketing capabilities and adaptive marketing capabilities approaches, and then adaptive brand management, social customer relationship management, adaptive price management and multiple channel management concepts are investigated.

2. Marketing Capabilities

After 80’s, strategy and performance discussions have been made between, respectively, the structure-conduct-performance (SCP) (Porter, 1980), strategic conflict approach (SCA) (Shapiro, 1989), the resource-based-view (RBV) (Conner, 1991; Wernerfelt, 1984), and dynamic capabilities (DC) (Morgan, 2012; Teece, Pisano, & Shuen, 1997) theories. While SCP focuses on market characteristics and defensible positions against competitive forces, and SCV views product market imperfection, entry deterrence, and strategic interaction as the keystone of superior performance. RBV and DC theory differentiate from SCP and SCV by emphasizing efficiency. RBV theory is closely related to firm-specific resources heterogeneity which creates differences in each firm’s ability to reveal and implement value-creating strategies for inter-firm performance differences (Barney, 1991; Morgan, 2012). Besides, DC paradigm suggests that firms have tangible and intangible resources, however, their capabilities let them to acquire new resources and transform available resources to valuable market offerings (Morgan, 2012).

Makadok suggests that a capability is “a special type of resource – specifically an organizationally embedded nontransferable, firm-specific resource whose purpose is to improve the productivity of the other resources possessed by the firm” (Makadok, 2001: 389). Capabilities are developed as a result of relationships of individuals, groups and organizations with each other over time. These are organizational skills and knowledge embedded in the content of the routine, and they occur by applying available knowledge and skills repeatedly at different levels within the firm ranging from individual to the organizational level (Grant, 1996; Leonard-Barton, 1992; Morgan, 2012).

In today's dynamic competitive environment, firms should continuously evaluate the alignment of capabilities to meet the market requirements, strive to improve their existing skills and develop new ones (Drucker, 1994; Bowen et al., 1994). Organizations build creative and sustainable competitive advantage in the marketplace, associated with business activities and decisions containing marketing strategies (Citrin and McCullough, 2000).

A first step in the developing the company's marketing strategies is uncover and understand what consumers want, then, to present better products, services or ideas than competitors by organizing and reviewing firm objectives and activities (Zeithaml and Zeithaml, 1984). Therefore, they should focus on marketing capabilities as important elements of competitive advantage. According to Fawcett, Calantone and Smith (1997), to achieve success in the sustainable competition, main principles can be summarized as follows: 1) understanding the competitive and market environments, (2) selecting suitable strategic objectives, (3) building and focusing the firm’s resources into unique capabilities by the adroit use of business practices and processes, and (4) an ability to inculcate an attitude of continuous learning to consistently renew
and extend strategic capabilities (Fawcett, Calantone, & Smith, 1997). Consequently, marketing capabilities are likely to be a key influence on the performance of an organization.

With all that, a major criticism of the dynamic capabilities theory is that it begins with the firm and looks outward from that perspective rather than starting with the market, which is prevented by an inherent inside-out perspective. On the other hand, although market orientation considers customer and market opportunities in the market as its starting point, it is insufficient for generating new strategies and attitudes. At this point, Day (2011) suggests that there are two dimensions for questioning about capabilities: whether the orientation is from the inside-out perspective or the outside-in perspective and whether the function is fundamentally to exploit available resources or to explore new possibilities. Due to these reasons, new adaptive capabilities approaches are become needed and inevitable.

3. Adaptive Marketing Capabilities

Adaptability refers a capability to show necessary respond and change for an existing or potential situation (Lukas, 1999). It states that coordinating, regulating and allocating of resources, in order to meet the changes requested by customers or suppliers, (Lu, Zhou, Bruton and Li, 2009) or creating the company’s own environment (Tuominen et al., 2004). According to Chakravarthy (1982), adaptability is an ability to identify and capitalize growing market and technology opportunities by the company. Companies shape their adaptive strategies according to their perceiving about environment. Åkgun, Keskin and Byrne (2012) suggest that adaptive capabilities are reshaping of resources and coordinating of processes in time to develop more successful products and services.

Strategy literature asserts that success will occur when a firm strategy adapt its’ own environment. The environmental management perspective on marketing debates that firm can render existing strategy by shaping various elements of the environment. A marketing manager’s responsibility is to adapt company strategy and marketing mix to environmental factors by following a way to produce favorable answers to environmental factors (Clark, 2000).

Since the technology has changed the way that the work of the marketing departments, bringing new approaches to marketing strategies have become inevitable (Rust and Espinoza, 2006). Especially after developments in the internet and communication technology, the rule for marketing has certainly changed. Social media, product placement, event marketing and viral marketing have been added to the traditional marketing tools as new marketing tools (Day, 2011). For example, social media tools have become the main features for personal and commercial networks, and content-sharing. So, organizations which have slogged away at collecting data from market, customer and competitor, nowadays it's easier to access the data sources, and they even face with a huge data load. Despite this increasing amount of data over the years, the vast majority of these companies cannot efficiently and properly use the data.

Traditional or not, in addition to other data sources, online data that is generated resources can be used to achieve the realistic outputs (Asur and Huberman, 2010). However, this huge data load overburdens marketing departments’ capacity, so this situation causes a gap between the market and organizations. Understanding of this gap is not literally possible with the old approaches. Although capabilities theories are the best way to understand and begin to close the gap, today’s dominant capability theories— relying on dynamic capabilities, contrast with ordinary (or “operational”) capabilities (Winter, 2003) —are insufficient to guide firms’ efforts to close the gap (Day, 2011).
Adaptive marketing capabilities (AMC) include many forms such as the implementing new ideas, modifying an existing product attributes to meet changes in customer demand, amending or developing existing products and services to enter new markets (Lu et al., 2009). AMC is a firm’s ability to identify and capitalize on emerging market opportunities, and the development of adaptive capability is often accompanied by the evolution of organizational forms (Wang and Ahmed, 2007). AMC not only allows organizations to meet current demand by using existing sources, it also lets them to quickly adapt to changing environment (Staber and Sydow, 2002). AMC is based on marketing activities and speed for responding to product/ market opportunities (Oktemgil and Greenley, 1997).

Numbers of researchers have discussed many different concepts as components or factors of marketing capabilities (Morgan, 2012; Day, 2011; Vorhies and Morgan, 2005; Dutta, Zbaracki and Bergen, 2003; Blumenthal, 2002; Dutta, Narasimhan and Rajiv, 1999; Vorhies, Harker and Rao, 1999; Weitz and Jap, 1995). These are; market learning, customer relationship management, brand management, pricing, channel management, and sales management which have been studied intensively. However, as Day (2011) indicates that these capabilities should be revised again and be classified in keeping with the adaptive capabilities approach the as of today.

3.1. Adaptive Brand Management

Stable and strong brands should be managed in a clear and effective way to reach their customers in order to attract them (Day, 2011; Aaker, 1996). In addition, systems and processes are needed for a strengthening of the brand and positioning in the right way. These processes and systems mean vital tasks for the development of brands and repairing when it is needed (Morgan, Slotegraaf and Vorhies, 2009). Although the general consensus is that a stable brand leads firms to navigate and adapt to market changes, volatile environment in an accelerating manner causes to unexpected changes and hard-to-predict alterations for many markets (da Silveira, Lages, & Simões, 2013).

Developments in information and communication technologies have revealed a very easy way of communication. This process not only created alterations in people’s daily communication, but also at many areas, including in marketing. For example, brands and consumers have begun communicating with each other without any restriction and blocking. In this case, it became an interactive communication by eliminating time and space constraint. Subsequently, it is revealed the marketing practices of communication. Anymore, customers have a strong influence in creating and developing products, services, business models, processes and values (Kim and Ko, 2012). For example social media marketing (SMM) offers essential advantages such as low cost, high communication efficiency of social media which allow firms to engage in timely and direct end-consumer contact (Kaplan & Haenlein, 2010). So companies can reduce effects of missing or bad communication, and increase brand value. Firms can reach all these advantages by creating a platform where people share ideas and information in online environments (Kim and Ko, 2012). As a result, brands have found opportunity to develop a relationship with consumers, and strengthen them.

Forrester Research Company published a report about how firms cope with brand management in the context of the complex and challenging structure of the digital age (Bradner, Spivey and Wise, 2009). In this report, adaptive brand management is defined as quickly responding to the needs of the consumer and the brand, increasing the role of consumer intelligence for brand value maximization, focusing on the strategic brand platforms, and transforming the firm into a working structure within the same purpose like a federation.
(Bradner, Spivey and Wise, 2009). Companies must be the more powerful and consumer-centric to make these goals achievable.

The answers, which are given to potential and existing customers, are a much faster compared to past, and they need to be in real time. Otherwise, a negative situation about the image of a brand may arise, and especially spread quickly in online environments and social media at a time, so the firm might be too late to intervene. Another example is that different brand programs and platforms come out around the world very quickly. Today organizations away from centralization, local brand management activities and the development of the new strategies in the sense of marketing are strengthening. Firms organize and apply small-scale and local plans, rather than mass-marketing communications activities. In this way, firms are able to quick and effectively respond to opportunity and threats come from nowhere in the market.

However, although customers and firms build brands together in today's world, firms should pay attention to protect the brand's core principles by keeping balance between being conservator and flexible. On the other hand, social awareness of brands increases brand image, reputation, and value (Chen, 2010). Especially in times of economic recession and crisis, customers show more interest to firms which have social sensitivity. Therefore, firms give consequence to social events or problems in the online environment, and attach them to their brand programs and strategies.

3.2. Social Customer Relationship Management (sCRM)

After developments in information and communication technologies, organizations have started to use Customer Relationship Management (CRM) tools to understand existing and potential needs and problems of customers, besides following customers with traditional methods. According to Boulding et al. (2005, p. 157), CRM refers that “a strategy for the management of the dual creation of value, the intelligent use of data and technology, the acquisition of customer knowledge and the diffusion of this knowledge to the appropriate stakeholders, the development of appropriate (long-term) relationships with specific customers and/or customer groups, and the integration of processes across the many areas of the firm and across the network of firms that collaborate to generate customer value”. However, conventional CRM implementations were one-way communication, and mainly represented an information flow from firms to customers. Although organizations collect information about customers and use them in their activities, these data did not allow organizations to reach customers in in real time.

Customers spend money not only for the best price and quality, also they look for value, and these reflect on their behaviors, attitudes, and expectations. Therefore, organizations more effort to use both traditional and new media marketing channels, especially including social media, in order to be more competitive and preferable in the market. Today, CRM advances with Web 2.0 and Web 3.0 technologies. Thus, it means that growing new opportunities for organizations, especially with the spread of the use of social media. In this context, new social media tools with interactive and relational features leverage and support the weaknesses of CRM in relationship marketing principles (Choudhury and Harrigan, 2014).

Web 3.0 and social media tools allow customers to communicate among themselves with other, as well as their mutual communication of organization with customers. As a consequence of that, social CRM is regarded as a new strategic approach for organizations (Lehmkuhl and Jung, 2013). According to a definition provided by Greenberg (2010, p. 414), SCRM is “a philosophy and a business strategy, supported by a system and a technology, designed to engage
the customer in a collaborative interaction that provides mutually beneficial value in a trusted and transparent business environment.”

Although the concept of social CRM are built on traditional CRM concept, it includes social functions, processes and capabilities, distinctly. These capabilities not only contribute the communication of customers with organizations, also promote the communications with friends, relatives and other people around customers (Choudhury and Harrigan, 2014). Further, SCRM lets new operations, technologies and developments to add value and catalyze exist to comfort interaction with customers to have a long-term relationships with superior performance (Choudhury & Harrigan, 2014). Therefore, sCRM emphasizes customer engagement with two-way interactive relationships with customers who are encouraged to co-create marketing efforts, and even product offerings (Rodriguez, Peterson, & Krishnan, 2012).

3.3. Adaptive Price Management

Researches on pricing policies have been examined with a wide perspective by researchers from different backgrounds such as economists, marketing scientists, and operations management researchers (Gallego and Ryzin, 1994). In general, price decisions are made in accordance with cost-based or the customer's perceived quality approaches (Pasternack, 1985) and effective price management is known as one of the key factors in terms of marketing capabilities (Dutta et al., 2003). Pricing management is a very important opportunity to understand the reactions of customers and competitors for pricing to ensure a sustainable strategy of adaptation in a firm marketing mix (Ailawadi, Lehmann, and Generation, 2001). An organization with strong pricing capabilities has the power to make out the impact of pricing on customer value, and realize existing and planned pricing strategies and transactions of competitors (Morgan, 2012).

In marketing studies, dynamic models of pricing date from to Robinson and Lakhani (1975) and the following study of Bass and Bultez (1982), Dolan and Jeuland (1981). However, late studies have focused on strategic issues of life cycle pricing based on deterministic models of how firm economics and consumer behavior change with time, and tactical, dynamic pricing problems (Gallego & Ryzin, 1994).

Today, different pricing methods from the many different industries such as consumer electronics, seasonal goods and services, fashion, and airlines are clear examples of dynamic pricing. Also, up-to-date developments in information technology have given firms an unique ability to track and analyze customer behavior, substantially valuable information about customers’ preferences and greater insight into their real willingness-to-pay (Hinz, Hann, & Spann, 2011), as well to competitors’ present and future pricing strategies and activities (Blattberg & Wisniewski, 1989). Such organizations use this information to apply suitable pricing strategies, and rapidly and effectively respond price changes when necessary (Morgan, 2012)

3.4. Multiple Channel Management

Compared to the previous years, a significant increase in the number of distribution channels are seen obviously. New channels have been added to traditional ones, such as company stores, shared and exclusive dealers, telemarketing agents, and affinity partners (Day, 2011). Also, different appeared customer touch points and channels can be observed in B2B and B2C markets. Alterations of customer research, buying behaviors, market segmentation, and merged industries increase competition, and so, channel management becomes more prominent.
Studies in literature have more focused on the effectiveness and functions of the distribution channels. Considerable amount of academic studies have discussed distribution channels as independent groups that make a product or service accessible for use or consumption. This approach accompanies the planning, organizing, coordinating, directing and controlling efforts of channel members (Gundlach, Bolumole, Eltantawy, & Frankel, 2006). To go beyond static marketing mix distribution approach, organizations have a duty to envision new methods for providing customer value or reaching the market through new channels (Day, 2011). Musso has also discussed innovation in marketing channels by carrying out following three different perspectives (2010):

1. Technological perspective: What are the fronts of technological innovation for the optimization of interactions among companies and with the final demand?

2. Relational perspective: Which innovation fields can be developed on, in regard to vertical relationships between firms in a marketing channel?

3. Structural perspective: What new channel configurations may occur?

In this context, information and communication technology developments and new applications can be extended to distribution channels. But recent researches have not necessarily examined physical distribution operations and technologies (Gundlach et al, 2006). According to Musso (2010, p.24), “innovation in marketing channels becomes a complex, multiorganizational, multidisciplinary activity that requires collaboration and interactions across various entities within the supply chain network, with a substantial portion of the innovation process and resulting outcomes that occur at the buyer-seller interface level”. The variety of retailing types offers the customers wider alternatives of choosing the product and the manufacturer to select the most appropriate marketing channel (Banyte, Gudonaviciene, & Grubys, 2011). These channels can be in different forms, length and width, and they are vital to make the right choice of the type of the channel, intermediaries, and evaluate all factors of the environment which affect formation of a marketing channel.

4. Discussion

In the markets with high competition, it is impossible to find industries that can avoid periodical innovation and survive by not going in the flow of the market dynamics (Hurley and Hult, 1998). Those which can act fast and be flexible at the right time and also those are able to adapt marketing strategies are the leaders of the global markets (Weerawardena, 2003). Those organizations can keep their market approach up to date and they use different tools each time. In this regard, examination and matching of factors, which can be inputs or outputs, can be observed in recent researches in adaptiveness and innovativeness contexts (Akgün, Keskin, Byrne, and Ilhan, 2014; Pulakos and Arad, 2000; McKee, Varadarajan, and Pride, 1989). Main reason behind the efforts of examining organizations in terms of strategic management and marketing is the crash of those cannot adapt to the changes and innovation in the market (Tuominen, Rajala, and Möller, 2004). Organizations must alter their static strategies and upgrade themselves to the adaptive strategies in order to outlive their competitors and maintain leadership.

One of the most important results of the technological development is growing importance of information technology. Firms can be a customer-focused and market-driven company by using information technologies such as interactive communication and personalization. In addition, firms that are in cooperation with other companies and trying to learn all the time from
customers can offer proper products and services for customers' dynamic needs. AMC practices are possible with knowledge and technology tools, and this requirement directs firms toward adaptive marketing capabilities (Day, 2011). As a result, technological advances such as communication, data storage, and processing of information would shape the future of marketing (Rust and Espinoza, 2006). Expertise and researches on technology of analysis and information sharing will make available these capabilities to organizations.

5. Implications for Practice

Understanding the present is the key to seizing the future and survival. It is rather hard for firms to maintain status unless they comprehend it and decide accordingly. When we take a glance to the firms that shape today, it is easy to see the initial design and the adaptation of their strategy as it became necessary over time. For example pioneers of the mobile device industry today is unlike what it was ten years ago. Firms that get what customers like and those can offer goods and services to fit those tastes can alter the market structure and can also divert consumer needs.

Both academia and practitioners today are still using classical methods for their research and they will do so in the future. Developing information and communication technologies are still reinforcing those researches in terms of costs, time and reliability. Rise of internet use made online survey and web morphing available. But in recent years, the expansion of social media and its development made internet use personal and frequent thus adding dimension to the information technology.

Individuals can create their own social network and can communicate with brands they either use or they are about to do so. This communication is not bounded by time and space with the inclusion of third parties and this interaction can either be an opportunity or a threat for organizations.

Limited and unreliable consumer and market data were the most challenging factors when firms were about to plan marketing activities. Market research and consumer surveys were costly and time consuming. Representativeness of the universe and the reliability of the sample were both an issue and limitation for academicians and practitioners. But today, organizations can easily access data sources and in fact those data is too much to handle. According to Day (2011) marketing departments face with loads of crowd sourced online data that challenging for them to understand the market and the customers. As customers grow stronger by technological advancements, it requires greater effort, more information and better tools as they shift their position instantly. Older strategies fall short of the ability to reach customers through media, channels and customer relations and they cannot create strategies to satisfy market demands such as microsegmentation. This big load of data exceeds the limit of the organization further creating a gap between organizations and the market. All these given, a new approach is important to overcome this gap between markets and organizations (Day, 2011).

At this point, firms should have the technological ability to process the customer data in the future as well as today. Along with the technical ability, firms should be in the mentality to act fast and employ strategies unlike the past. Learning organizations will be the survivors through collaboration with other firms, through open marketing and appreciating market experiences. Moreover; not only in marketing domains, also in other business functions such as production, leadership, etc. should be restructured and have a new understanding (Weerawardena, 2003).
6. Conclusion & Directions for Future Research

Increasing complexity of the products, shifts in the market, fast pace of technological advancements and the speed of it are being outdated, and constantly changing customer demands makes product management to be risky. As product life cycles shorten and the decline of the predictability of the future of the products makes it harder for the firms to predict future and adapt to it. In accordance with this, the adaptation of market strategies and capabilities should be fast and continuous. This requires the examination of adaptive capabilities as in regard to competitive advantage and performance it is being more popular every day.

It is clear that there is need to examine the adaptive marketing capabilities both for individual capabilities and as a whole in terms of conceptualization and testing. These studies will no doubt rise on the previous work. Although mentioned in many other domains in social sciences or management, the concept is new in marketing literature. All these considered, it is meaningful to state that there is a gap to focus both conceptually and empirically. Not only for academic purposes, also an approach to include practitioners to share experiences would be healthier and it provides inductive outcomes.

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