

The Changing Nature of Contemporary Marketing Practices (CMP) in Ghana: A Test of The Miles And Snow Strategic Typology

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Drawing from recent literature on environmental management, the authors test the Miles and Snow Strategic Typology in Ghana, West Africa in order to understand the domain of managerial marketing practices in an African context. The results suggest that most managers in the sample identify their organizations as following the classification posited by the three types of organizational strategies: prospector, analyzer, and defender. It appears that firms emphasize transactional marketing and database marketing under all three types of organizational strategies (prospector, analyzer, and defender) but that defender firms make least use of network marketing. These findings confirm that the nature of contemporary marketing practice in Ghana is similar to that reported in other economies as well as the usefulness of the Miles and Snow Strategic Typology as a tool for understanding contemporary marketing strategy in an African context.

AN INTRODUCTION TO CMP AND GHANA

Marketing is undoubtedly becoming one of the key predictors of organisational success. As far back as 1990, scholars like Theodore Levitt had mentioned that the concept of marketing orientation was 40 years old (Levitt, 1990). As far back as 1950, Levitt (1960), moved discussions in the marketing world to center on defining marketing to be reactive to situations in the marketing place rather than the “marketing myopia” which was the order of the day. It must be noted that the marketing myopia directed the attention of marketers to exploiting a currently profitable market situation to the neglect of dynamism in the market place.

The positive effect of the scientific approach has itself not been left out in the evolution of marketing, it is in this regard that Alderson (1957), cited in (Webster, 1992; Kotler, 1991; McCarthy, 1960) outlined the management process of marketing. Marketing management outlines the specific process of decision making whereby actions are planned and implemented in a way that leads to satisfactory exchanges in the market place, giving credence to the positive link between marketing and firm performance (Houston, 1986).

It is also becoming increasingly evident that perspectives that are evolving in the practice of marketing merge into a definition by AMA in 1985 that marketing involves... the process of planning and executing the conception of ideas, goods, and services to create exchanges that satisfy individuals and organisational goals. In sharp contrast to growing marketing practices in the mature economies, very few marketing orientation studies and practices have been reported from developing countries (Appiah Adu, 1998).

This supposes that developing nations lag behind in the awareness of current marketing trends such as relationship marketing defined by Berry, (1983; p.25), as “attracting, maintaining and in multi service organizations - enhancing customers’ relationships. Similarly, the comparatively low key importance

attached to a marketing orientation in the developing economies means they might be unaware of the profound organizational and profitability outcomes that a marketing orientation may deliver.

However, beyond gaining a greater understanding of the conceptual basis of the relationship marketing model (e.g., Berry 1995; Gronroos 1991; Webster 1992), researchers have not gained a good understanding of how firms configure and develop relationships with their customers in actual managerial practice (Coviello, Brodie, Danaher, and Johnston 2002; Wagner 2005). In a first step toward improving our understanding of both issues, Coviello, Brodie, Danaher and Johnston (2002) developed the “contemporary marketing practice” theoretical framework in which they operationalized marketing as comprising of five major aspect of managerial practice analogous to the classic marketing mix, namely (1) transactional marketing, (2) data base marketing, (3) e-marketing, (4) interaction marketing, and (5) network marketing (Brodie, Coviello and Johnston 2006; Coviello *et al.* 2002). In addition to providing a much needed integrated operational measure for comparing relationships marketing and transactional marketing models in real practice (Wagner 2005), the CMP framework suggests the existence of complimentary relationships between transactional marketing and some relationship marketing activities. However, given the focus of the CMP framework on advanced market economies--the U.S., Australia, Finland, Sweden, and New Zealand- it is surprising that not much theoretical advancements have been made to reflect a variety of other environmental conditions that may influence contemporary marketing practices in less advanced or emerging market economies. While there have been a few empirical studies in emerging market economies such as Argentina (Pels, Brodie and Johnston 2004) and Russia (Wagner, 2005), these studies are primarily a replication of the initial “CMP theory” and do not provide a systematic theoretical evaluation of the broader institutional context of emerging market economies. Recognizing that more theoretical and empirical development of the CMP framework is needed to guide managerial practice in the transitional institutional environment of emerging market economies such as Ghana, we investigate the empirical evidence for the Miles and Snow Strategic Typology as a useful tool for crafting contemporary marketing responses to the recent changes in the business environment in Ghana.

Ghana turned 50 on 6th March 2007 amidst massive national celebrations that caught the attention the whole world. Ghana is generally heralded as a peaceful nation in a West African sub-region that has in recent years been plagued by severe conflict at different times. In 1995, Ghana became the first country in sub-Saharan Africa to have “full internet connectivity” and is generally regarded as one of most successful economic stories in sub-Saharan Africa. Ghana’s economy has been fairly stable over the survey period. Of remarkable note is the steady growth of real GDP from 5.20% in 2003 to 6.30% in 2007 in spite of the significant external shocks of high – and still rising – world crude prices and the 2006/2007 energy crisis that resulted in a protracted period of power outages to virtually every productive sector of the economy. On an African continent plagued by a myriad of socio-economic problems, Ghana is internationally regarded as socio-economic success story.

MILES AND SNOW TYPOLOGY STRATEGIC TYPES: AN OVERVIEW

Miles and Snow’s strategic orientation typology is a useful theoretical framework for categorizing as well as understanding the processes undertaken in adopting organizational strategies (McDaniel and Kolari, 1987, p. 19). Crafting this typology, Miles and Snow (1978) postulate that appropriate marketing strategies can only be developed as a result of analysing ways in which organizations efficiently interact with their environment. After analysing the organization’s environment, strategies can then be adopted after careful consideration of the organization’s mission, objectives and resources and how they interrelate with the analysed external environment. In effect, organizational strategies are a resultant fit of an organization’s internal and external environment.

In an attempt to demystify the rather myopic view of the business environment and its interrelationship with marketing strategy, Zeithaml and Zeithaml (1984, p. 47), reiterate that the relationship between the

firm and its environment cannot be over emphasised. They highlight that as a result of rapid changes in the business environment, it is imperative for firms to engage in environmental management strategies to enable them create contemporary changes and extend their influence over the environment. After much extensive research, Porter (1979, 1985), concludes that the process of coping with the competitive environment is the essence of strategic formulation.

In describing the dynamism between firm and environment interaction, Miles and Snow hypothesize that competing firms within an industry exhibit four basic organizational and strategic behavioural patterns. In their typology of organization strategies, firms can be said to exhibit one of these behavioural patterns - reactors, defenders, analyzers or prospectors. According to McDaniel and Kolari (1987, p. 20), Miles and Snow describe the first behavioural type as defenders who have narrow product and market domains and tend not to search outside their domains for new opportunities. On the other hand, prospectors continually search for marketing opportunities and tend to be creators of change in the industry. Analysers are a blend of defenders and prospectors and as such operate in relatively stable and one changing product and marketing domain. Finally, reactors are said to lack a consistent strategy and simply respond to environmental pressures when forced to do so. McDaniel and Kolari (1987), therefore conclude that underlining this behaviour types results in the rate at which an organization changes its product or market to maintain alignment with its environment.

Alternatively, while McDaniel and Kolari have focused on the Miles and Snow typology with emphasis on effective interactions between the organization and its environment and its resulting strategy formulation, Thomas and Ramaswamy (1996) have also adopted Miles and Snow's framework, suggesting a tripartite relationship between managerial characteristics and strategic orientation and its resulting performance implications. They evaluate the alignment between managerial characteristics and strategic orientation and its performance implications. They contend that an efficient alignment between top executives and strategy has a great impact on organizational performance.

Prahalad and Bethis (1986), contribute to this theory by arguing that when confronted with the same objective environment, different managers will take different decisions based on their individual experiences and values. This perspective suggests that strategic choices made by managers on behalf of the organization reflect to a great extent the characteristics of managers. In related research, (Norburn and Birley, 1988), examine the linkage between top executives and organizational performance focussing on the search for specific executives characteristics associated with varying levels of performance. Additionally, (Bateman and Zeithaml 1989; Duhaime and Schwenk, 1985), suggest that managerial perception plays a significant role in shaping organizational direction.

Similar to the four strategic behavioural patterns adopted by (McDaniel and kolari, 1987), Thomas and Ramaswamy (1996), delineate a set of three variable strategic behaviour types as developed from Miles and Snow's strategic orientation typology, in explaining their tripartite alignment theory. Adopting this framework, they highlight prospectors as managers or organizations that emphasise innovation as the corner stone of competitive advantage. Such organizations normally offer state-of-art products targeted at a variety of market segment, hence monitoring a wide range of environmental conditions as a result of the high technology offer. This offer soon sparks a rapid response to changes in the marketplace consequently resulting in a low level of efficiency required to maximise economies of scale (Thomas and Ramaswamy, 1996).

In contrast, the defenders stress cost efficiency as the basis of competition. Accordingly, they focus on creating narrow stable domains through a limited mix of product and customers and aggressive efforts to protect the domain from competitors (Miles and Snow, 1978, p. 39). Attention is therefore devoted to controlling operating costs since efficiency is an important prerequisite for their success. This emphasis on efficiency tends to narrow the range of environmental domains that are monitored (Thomas and

Ramaswamy, 1996). The analysers on the other hand, pursue hybrid strategies that exhibit some features of the prospector and defender types. In rapid evolving domains, they operate like prospectors, while in stable segments; they adopt a defender approach (Miles and Snow 1978). In keeping with this posture, they adopt dual core technologies that have both stable and flexible components (Thomas and Ramaswamy, 1996).

Adapting Miles and Snow's typology even further, Panell and Wright (1993), have also explored the use of the typology in the context of a dynamic, growing and highly volatile service industry. This is in contrast with most previous research which has considered the strategy-performance relationship in relatively low degrees of dynamism and volatility. Miles and Snow (1986) refer to prospectors as industry 'designers', able to identify and exploit new product and market opportunities. Protectors can be said to normally perceive a dynamic, uncertain environment and maintain flexibility to combat environmental changes. Panell and Wright (1993), conclude therefore that, prospectors tend to possess a loose structure, a low division of labour, a low formalization and centralization. Defenders on the other hand perceive the environment to be stable and certain, thus seek stability and control in their operations to achieve maximum efficiency (Miles and Snow 1978). Their strength lies in the high degree of concentration on only one segment of the market (Panell and Wright 1993).

Analysers emphasize stability and flexibility and attempt to capitalize on the best of both protector and defender types (Miles and Snow 1978). Tight control is therefore exerted over existing operations with loose control for new undertakings (Panell and Wright 1993).

Lastly, according to the typology, reactors lack an appropriate set of response mechanisms with which to confront environmental changes. Because they lack consistency in strategic choice they are known to perform poorly (Panell and Wright (1993).

Mckee et. al (1983) have additionally also adopted the Miles and Snow typology, with a focus on strategic adaptability and firm performance. They explain that on one hand, the organization can maintain an external focus and adapt to market changes, or on the other hand focus on a narrowly defined product-market with the accompanying risk of failing to adapt when market change. The Miles and Snow typology is therefore stretched to the extent to which firms in the (reactor-defender-analyzer-prospector) categories develop adaptive capability to respond to the market (Mckee et. al 1989).

According to Miles and Snow (1987), the reactor is assumed to lack adaptive capability because, in the absence of a strategic orientation, it fails to develop the mechanisms needed to sense and respond to changes in the market. This could be as a result of lack of clearly articulated strategies, or poor link between strategy and the organization's structure and processes, or maintaining the organizational status quo despite environmental changes. The defender deliberately reduces adaptive capability by selecting a stable and narrowly defined market domain. In such a deliberate act, it is unlikely to notice market change or to be unable to adapt to change if it is noticed (Miles and Snow 1978).

The analyzer maintains a stable domain, wherein it can operate with relative efficiency, but also attempts to identify emerging opportunities. Because, it is not first to enter the new product-market, it has the advantage of observing and learning from the new product problems of other firms and as such is able to achieve an above-average new product success rate (Miles and Snow 1978). The prospector focuses on identifying and capitalizing on emerging market opportunities, thus placing its primary emphasis on researching and communicating with the market and as such bearing the associated inherent costs.

In summation, the Miles and Snow (1978) strategy typology – reactor, defender, analyser, and prospector – captures the business-level strategic trade off between external and internal orientation and its resulting strategy formulation (McDaniel and Kolari 1987). The typology has also been extended to capture the tripartite alignment between managerial characteristics and strategic orientation and its resulting

performance implications (Thomas and Ramaswamy 1996). Finally, Mckee et. al (1989) extend the typology even further to test the proposition the effectiveness of a particular strategic orientation is contingent upon the dynamics of the market. In this study we extend the Miles and Snow Strategic typology to a developing transitional economy, Ghana, to try and understand the nature of contemporary marketing practices in selected industrial sectors.

STRATEGIC TYPES AND CONTEMPORARY MARKETING PRACTICES

Recent trend of dynamic changes and transformation in the global environment has made it necessary for firms to constantly reevaluate the way they interact with their business environment in order to remain competitive. In marketing, this recognition has led to a resurgence of an old debate about how firms should interact with their markets. On one hand, the received wisdom suggests that firms have shifted their marketing practices from the traditional marketing mix of the transactional marketing model to the building of long-term relationships with their customers and networks, or relationship marketing (Berry 1995; Coviello, Brodie, Danaher and Johnston 2002; Day and Montgomery 1999; Fern and Brown 1984; Gronroos 1991; Hooley and Cowell 1985; Kotler 1992; Lilien 1987; Webster 1992). On the other hand and more recently, some scholars have argued that relationship marketing practice cannot be suitable for all customers, markets or firms (Day 2000), and that firms combine both transactional and relationship marketing based on the nature of their major market (Coviello, Brodie, Danaher and Johnston 2002). Given this debate, an understanding of how the business environment influences the relative emphasis on transactional versus relationship marketing is an important unresolved issue in the managerial marketing literature.

There is a consensus among scholars that firm's differ in the way they respond to their environment (Miles and Snow 1978) by considering their mission, resources, structure and markets (Day 2001; Miles and Snow 1978; Zeithaml and Zeithaml 1984). However, the large number of factors that must be considered in crafting such strategies makes a system for classifying environmental responses essential. Accordingly, scholars have developed several conceptual frameworks for classifying and understanding environment responses (Miles and Snow 1978; Zeithaml and Zeithaml 1984). One such framework that has received much empirical support is the Miles and Snow Strategic Typology (1978). However, much of the application of the framework has been in the U.S. environment.

As is often the case with most concepts and theories of Western origin, it is necessary to assess the empirical evidence of the Miles and Snow Strategic Typology in emerging market environments for several reasons. One such reason is the consensus that the business environments in emerging market economies, especially African economies, is significantly different from the business environment in Western industrialized market economies (Dadzie, Akaah and Riordan 1980). For example, firms in most emerging market economies, especially in African nations, firms must respond to recent environmental changes brought about by rapid economic transition, including stronger and unpredictable government control, technological turbulence, increasing consumer purchasing power amidst rising poverty levels (World Bank 2007), limited marketing infrastructure, and other institutional characteristics. It might be fair to hypothesize that classic notions of the traditional and extended (services) marketing mix may be ill-suited for understanding organizational marketing adoption nuances in emerging market economies.

According to Miles and Snow (1978) the type of strategy organizations use in response to the changes in their environment is a function of the rate at which the organization "changes its products or markets to maintain alignment with its environment" (page 29). These responses include four general behavioral patterns among organizational (or strategic) types: (1) defenders, (2) prospectors, (3) analyzers, and (4) reactors. Defender strategy refers to the use of narrow product-market and/ or to search for opportunities within present markets. Prospectors "are the creators of change and uncertainty to which competitors must respond" (Miles and Snow 1978; p. 29). Analyzers tend to operate in two different product-market segments and therefore pursue strategies than blend both defender and prospector behavioral patterns.

Reactors, in contrast to the three do not follow a consistent strategy and instead prefer to respond to “environmental pressures when forced to do so.” Consistent with other researchers, we did not include the reactor category in our research because its behavior is rather ambiguous (McDaniel and Kolari 1987).

We adopt the recently proposed contemporary marketing practice (CMP) framework proposed by Coveilo et al. (2002). The CMP framework integrates both transactional and relationship marketing activities. This approach allows us to examine various combinations of marketing activities beyond the transactional and relationship dichotomy. According to the CMP framework (Coveilo et al. 2002) firms relate to their markets with a combination of five aspects of contemporary marketing activities. The first aspect, *Transactional Marketing* (TM) is defined as managing the classic marketing mix activities to attract and satisfy customers. The second, *Database Marketing*, is characterized by marketing practices with a transactional focus through information technology to enhance one-to-one exchanges (Peppers and Rogers, 1995). The third, *e-Marketing* (eM) is defined as using “the internet and other interactive technologies to create and mediate dialogue between the firm and its targeted customers” (Coviello et al. 2002). Unlike database marketing, which enhances personalized communication, e-marketing facilitates customization of the market offering (Coviello et al. 2002). *Interaction Marketing* (IM), the fourth is characterized by an emphasis on the face-to-face relationship (Berry 1983) and managing complex interpersonal interactions (Dwyer et al. 1987). The fifth, *Network Marketing* (NM) is characterized by the development of inter-firm relationships through coordination of activities among multiple parties in the entire value chain (Anderson et al. 1994; Coviello et al. 2002). Because e-marketing represents a marketing tool, and not an activity, we excluded it from our analysis.

As alluded to earlier, we investigate the empirical evidence for the Miles and Snow Strategic Typology as a useful tool for crafting contemporary marketing responses to the recent changes in the business environment in Ghana. Specifically, we conducted a survey of managerial practices among a sample of 120 firms in Accra, the industrial capital of Ghana, to identify the type of contemporary marketing practices (Coveillo, Brodie, Danaher and Johnston 2002) of different firms pursuing different organizational strategies in responses to recent changes and the business environment in Ghana.

METHODOLOGY

Data Collection Procedures

The data used in this study was collected based a standard questionnaire and data collection procedures used in previous CMP research in advanced economies (Coviello *et al.* 2002, Russia (Wagner 2005), and Argentina (Pels *et al.* 2004?). This approach involved the use of Executive and Working MBA students at the University of Ghana Business School. Although this data collection approach used a convenient sampling design, it has been found to be an effective way to collect data about company practices (Neelankavil, Mathur, and Zhang 2000). To minimize potential bias from the use of a single informant approach, we used students who are currently working with a company. In a few cases students were assigned to companies they previously worked for. In addition, informants were instructed to talk to other managers in their companies before completing the questionnaire. The data for this study was collected in 2008.

Empirical Analysis, Findings and Conclusions

We tested the predictive validity of the Miles and Snow Strategic Typology for the CMP model using a sample of 120 managers in Ghana who were interviewed by MBA students at a local university. While the subject pool is based on convenient sampling, firms in Accra, it represents the industrial home of most firms and especially those that are likely to practice marketing strategy. An ANOVA/MANOVA analysis provided support for the Miles and Snow typology in several ways.

First, the results show that most managers were able to classify their organizational strategies within the three categories, with the most common being the prospector strategy (40%), followed by the analyzer

strategy (35%) and the defender strategy (25%). Second, we found that managers who identified their organizations as pursuing a prospector, analyzer, and defender strategies placed similar levels of importance on transactional marketing (H1) and data base marketing (H2) as components of their strategies for interacting with their environments. Similarly, managers who identified their firms as a prospector and an analyzer placed greater importance on interaction marketing (H3) and network marketing (H4) as parts of their organization strategies for interacting with its customer than did managers who identified their firms as pursuing defender strategy. These findings provide adequate support for the usefulness of the Miles and Snow Strategic Typology as a framework for categorizing and understanding of how firms relate to their environment.

Our findings also provide empirical support for CMP scholars who argue that the domain of managerial marketing practice has not shifted from transactional to relationship marketing. Our result suggests that firms emphasize transactional and relational marketing activities depending on the type of organizational strategies for interacting with its environment. This finding suggests that some relationship marketing practices, especially network marketing, is of less use to defender organizations, while transactional marketing practices and some relationship marketing practices (e.g., data base and interaction marketing) are important regardless of the firm's strategic type.

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Appendices

Table 1
Correlation Matrix and Descriptive Statistics: 2008 Data

	Mean	Std. Dev.	1	2	3	4	5	6	7	8	9	10	11
A. China Sample													
1) TM	.61	.13	1.0										
2) DM	.61	.31	.51	1.0									
3) IM	.63	.15	.44	.58	1.0								
4) NM	.72	.16	.45	-.57	.71	1.0							
5) CONS	.66	1.01	.23	.28	.29	.32	1.0						
6) ENTER	.61	1.00	.25	.29	.32	.29	.19	1.0					
7) BUR	.65	.92	.21	.21	.25	.27	.21	.15	1.0				
8) COMPC	.54	1.08	.27	.19	.30	.31	.26*	-.14	.16	1.0			
9) TECH	2.84	.99	-.02*	-.03*	-.08*	-.14	.05*	.01*	.09*	.02*	1.0		
10) MKTP	2.63	1.09	-.24	-.23	.17	-.19	-.18	.20	.16	.12	.46	1.0	
11) GOVTR	3.96	0.98	.17	.23	.26	.25	.27	.31	.23	.20	-.05*	-.04*	1.0

*Not significant at p.<05 level. Statistics are provided for multi-item scales only.

TM = Transactional Marketing, DM = Database Marketing, IM = Interaction Marketing, NM = Network Marketing, CONS = Consensual Culture, NTER = Entrepreneurial Culture, BUR = Bureaucratic Culture, COMP = Competitive Culture, TECH = Technological Pressure, MKTP = Market Pressure, and GOVTR = Government regulation.

Table 2
Trends in Contemporary Marketing Practice Emphasis: 2000-2008

	2000	2008	Change	P<t
Transaction Marketing	.70	.61	-.09	.01
Data Base Marketing	.55	.61	+.06	.05
Interaction Marketing	.70	.71	+.01	.09
Network Marketing	.62	.66	+.04	.05

Table 3
Characteristic of Strategic Types: 2008 Study

	Prospecto r	Analyzer	Defender	Sample Mean
Overall Strategic Characteristics				
Product Development Strategy	3.40	3.11	2.60	3.03
Cost leadership Strategy	3.60	3.00	2.76	3.04
Market share strategy	3.10	2.90	2.46	2.80

Table 3
Construct Means Across Strategic Types: 2008 Study

	Prospector	Analyzer	Defender	Sample Mean	F-values
Marketing Practices +					
TM index	.71 ^a	.69 ^b	.66 ^{bc}	.66	.174
DM Index	.65 ^a	.66 ^a	.59 ^b	.63	.88
IM Index	.77 ^a	.78 ^a	.64 ^b	.72	2.47*
NM Index	.73 ^a	.68 ^b	.60 ^c	.66	2.40*
Multivariate Test	.	.	.	2.25*	
Wilks'	.	.	.	1.90	

Criterion	2.50*
Pillai's trace	
Hotelling	
_Lawley- trace	

+ Measured on a five point scale with 1= weakest and 5= strongest. Index derived by dividing mean ratings by five. Values with the same letters are not significantly different at $p < .05$ level.

* Note: by international benchmarks (Coveilo et al. 2002) scores higher than .81 are considered to be higher than average; score from .61-.80 are moderate; and scores below .61 are low average index of CMP.

