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Title	Marketing Performance Measurement in B2B Service Companies: A Multiple Case Study		
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<p>Abstract</p> <p>Prior research has recognised the positive relationship between an organisation's ability to control marketing activities through marketing performance measurement (MPM), and the attainment of that organisation's marketing and business performance goals. Although the positive relationship between marketing activities and financial outcomes is currently widely accepted, marketing practitioners have found it difficult to measure and communicate the value of marketing to top management and others in the organisation. Still, empirical research has provided surprisingly little evidence of the key contingencies that can affect the successful application of MPM. Moreover, the majority of the marketing performance measurement research is only derived from business-to-consumer (B2C) markets.</p> <p>The purpose of this research is thus to understand the factors that affect the successful application of marketing performance measurement in B2B service companies. This issue is examined empirically through a qualitative case study approach. The data was collected through semi-structured theme interviews with 12 marketing and sales decision-makers having at least moderate MPM experience. The interviewed individuals work in 10 case companies operating in different industries in the B2B service field. Further, 6 exploratory expert interviews were carried out to improve the preliminary understanding of the phenomenon under study and also to facilitate in the choosing of the case companies and the key informants within these selected companies.</p> <p>This study finds that there is no typical MPM process. Instead, the MPM process should always be adopted to fit the company specific context. In the context of B2B service companies, 5 industry level factors and 9 corporate level factors were found to influence the successful application of MPM.</p>			
Key words	Marketing performance measurement, B2B marketing, service companies		
Further information			





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<p>Aiempi markkinoinnin tutkimus tunnistaa, että organisaation kyvyllä kontrolloida markkinointiaktiviteettejaan markkinoinnin tuloksellisuuden mittaamisen (MTM) avulla on positiivinen yhteys siihen, että yritys saavuttaa sen markkinoinnilleen ja liiketoiminnalleen asettamat tavoitteet. Vaikka markkinointiaktiviteettien ja taloudellisten seurauksien positiivinen yhteys on laajalti hyväksytty, markkinoinnin asiantuntijat kokevat hankalana markkinoinnin mittaamisen sekä sen tuottaman arvon kommunikoinnin ylimmälle johdolle ja muulle organisaatiolle. Tästä huolimatta aiempi empiirinen tutkimus on tuottanut vain vähän tietoa siitä, mitkä tekijät vaikuttavat MTM:n onnistuneeseen toteuttamiseen. Lisäksi suurin osa aihepiiriin liittyvästä tutkimuksesta on tehty tutkimalla kuluttajamarkkinoilla toimivia B2C-yrityksiä.</p> <p>Tämän tutkimuksen tarkoituksena on ymmärtää niitä tekijöitä, jotka vaikuttavat onnistuneeseen markkinoinnin tuloksellisuuden mittaamiseen B2B-palveluyrityksissä. Tutkimus toteutetaan empiirisesti soveltamalla monitapaustutkimusta. Tutkimuksen empiirinen data pohjautuu puolistrukturoituihin teemahaastatteluihin, jotka toteutettiin 12 markkinointi- ja myyntipäätäjälle. Nämä päättäjät edustavat sellaisia B2B-palvelualoilla toimivia yrityksiä, joilla on vähintään kohdullisesti kokemusta markkinoinnin tuloksellisuuden mittaamisesta. Tähän tutkimukseen valittiin eri toimialoilta yhteensä 10 case-yritystä. Tämän lisäksi toteutettiin kuusi tutkivaa asiantuntijahaastattelua, joiden avulla pyrittiin parantamaan tutkittavan ilmiön ja kontekstin ymmärrystä sekä helpottamaan sopivien case-yritysten ja haastateltavien valintaa.</p> <p>Tämä tutkimus osoittaa, että markkinoinnin tuloksellisuuden mittaamisella ei ole tyypillistä prosessia, vaan prosessi tulee aina sovittaa tiettyyn yrityskontekstiin. B2B-palveluyritysten kontekstissa tunnistettiin viisi yritystyyppiin liittyvää tekijää ja yhdeksän yrityskontekstiin liittyvää tekijää, jotka vaikuttavat markkinoinnin tuloksellisuuden mittaamiseen.</p>			
Asiasanat	Markkinoinnin tuloksellisuuden mittaaminen, B2B markkinointi, palveluyritykset		
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Economics

MARKETING PERFORMANCE MEASURE- MENT IN B2B SERVICE COMPANIES

A Multiple Case Study

Master's Thesis
in Marketing

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The originality of this thesis has been checked in accordance with the University of Turku quality assurance system using the Turnitin OriginalityCheck service.

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1 INTRODUCTION

1.1 Research background

Marketing practitioners have long been criticised by top management and others in these organizations for not being able to show the value of their activities or having a standard means for measuring the effectiveness of their marketing activities (Homburg, Artz & Wieseke 2012; Jeffery 2010; Mintz & Currim 2013; O'Sullivan & Abela 2007; O'Sullivan & Butler 2010; Foster & Gupta 1994). Although the first initiatives to capture marketing performance emerged in the 1960s (Frösen 2013, 33) and performance measurement as a research theme is not new (e.g. Globerson 1985), measuring the performance of marketing still remains an essential question for many organisations (Morgan, Clark & Goonera 2002, 363).

In addition to the requests to demonstrate performance improvements to each and every marketing activity (Zahay & Griffin 2010, 89), marketing practitioners face increasing demands for measuring effectiveness, for example, the more rigorous assessment of the match between marketing objectives and results (Patti, Hartley, van Dessel & Baack 2017, 351). Yet, the majority of marketing organisations do not exploit professional processes to manage marketing or use marketing metrics in their day-to-day marketing activities (Jeffery 2010) although digital marketing and analytics have arguably helped to overcome traditional conundrums in marketing performance measurement. The lack of clear and complete objectives is likely to lead to unexpected results that are distant from the desired outcome (Patti et al. 2017, 364).

The purpose of marketing performance measurement is not only to compare the performance of different marketing projects or campaigns and their effects over the marketing systems, but also to identify the entire contribution of the marketing system on the overall company performance (Izvercianu & Buciuman 2012, 342). It has been shown, that an organisation's ability to control marketing through marketing performance measurement positively relates to the attainment of its marketing goals and thus similarly for its business performance (O'Sullivan & Abela 2007; Frösen 2013).

Although the positive relationship of marketing activities to financial outcomes is now well accepted, marketing practitioners have found it difficult to measure and communicate the value to top management and others in the organisation (Srivastava et al. 1998, 14). In the absence of valid, reliable, and credible marketing performance assessment, marketing practitioners remain unable to convince top management of the justification of marketing expenditures (Morgan et al. 2002, 371) and show the financial accountability of marketing (Mintz & Currim 2013, 21–22).

It is difficult for marketing to receive budgetary support if that marketing remains an ambiguous concept with unclear responsibilities and if its contributions to the company's financial performance remains uncertain (Webster et al. 2005, 37). On the contrary, when clearly demonstrating a contribution to company performance, marketers are more likely to secure and defend their budgetary resources (O'Sullivan et al. 2009; O'Sullivan & Abela 2007). In order to strengthen the stature of marketing and emphasise that marketing is a real investment and not just an expense, marketing practitioners have acknowledged the need to show the contribution of marketing to the bottom line of the firm and show the accountability of marketing (Izvercianu & Buciuman, 2012; Stewart 2009, 641).

1.2 Research gap

Questions related to marketing performance measurement have consistently ranked among the top research priorities of the Marketing Science Institute in the 21st century (MSI 2018; Christodoulides & de Chernatony 2010; O'Sullivan & Abela 2007). The preceding marketing performance measurement (MPM) research has focused, for instance, on identifying metrics currently in use and measuring marketing performance through brand and customer equity (O'Sullivan & Butler 2010, 113–114). Although the challenges of marketing measurement and the possibilities for new measurement opportunities offered by digital marketing and analytics have been comprehensively discussed recently by both the academics and the practitioners, the existing knowledge now seems inadequate. There has been little consensus on which activities should be included in such measurement or which metrics to use, although a broad array of metrics have indeed been deployed over the last decades (O'Sullivan & Abela 2007).

A more contextual research approach to MPM research has also been called for, since the ability to track marketing performance depends on the circumstances of particular industries (Webster et al. 2005, 37). The majority of the research that has been examining digital marketing and marketing performance measurement has focused on business-to-consumer (B2C) markets. Although it has been widely acknowledged that there are also similarities between B2B and B2C markets (e.g. Garber & Dotson 2002; Webster 1978), and these markets are becoming closer to each other, e.g., because of technological developments and digitalisation (Grönroos 2007), the prior MPM literature does not explain how the differences in these specific contexts is affecting the MPM process and its successful application. In fact, it was not until the current decade that measuring and optimising performance was mentioned as a research priority both in service and B2B marketing (e.g. Lilien 2016; Ostrom et al. 2015).

Furthermore, many of the previously developed MPM systems have proven to be difficult for marketers to implement successfully into practice due to their complexity

(O’Sullivan & Butler 2010, 113–114). Consequently, there have been calls for further research to bridge the gap between theoretical and managerial understanding of performance measurement (Morgan et al. 2002; O’Sullivan & Butler 2010). There is a clear need to gain further understanding of the marketing performance measurement processes in the context of B2B services with an emphasis on understanding the factors that are affecting MPM application and reflect managerial practice.

1.3 Research aims and objectives

The purpose of this research is *to understand the factors that affect the successful application of marketing performance measurement in B2B service companies*. The following research questions are offered to cover this stated research purpose fully.

- What constitutes a typical marketing performance measurement process?
- Which factors may foster or impede the application of the marketing performance measurement process?
- What are the particular features of B2B service companies that might influence the successful application of marketing performance measurement?

The first research question seeks to examine the constitution of a typical marketing performance measurement process, which has so far been lacking in the current research (Morgan et al. 2002, 371–373). Thus, this question aims to understand the key elements of the marketing performance measurement process. In addition, several marketing performance measurement models from the prior literature are presented and discussed.

The second research question aims to understand the factors that affect the application of the marketing performance measurement process. Therefore, both fostering and impeding factors are recognised and introduced. The spectra of these factors are categorised by using contingency theory to understand the interrelatedness and different levels of the influencing factors. Using a multiple contingency approach, these factors are categorised into the task environment and the corporate context, with the primary focus being corporate context and its four dimensions: Company structure and resources, strategy and goals, organisational culture and social structures, and finally, capabilities and technology. The main objective of the question is to determine which factors are important for the marketing performance measurement process as well as how and why these factors emerge in the organisational settings.

Finally, the third research question seeks to understand the particular features of B2B service companies that may influence the marketing performance measurement applications. Presently, there is only a limited amount of understanding of the context of B2B

service companies and the individual industry dynamics that affect marketing performance measurement (Minzt & Currim 2013; Homburg et al. 2012). The third research question is primarily examined empirically.

For the purpose of this study, marketing refers to the activities and processes directed toward the customer, either to the future customers within a target group (leads and prospects) or existing customers so to attract, engage, and delight them. Moreover, rather than seeing marketing performance measurement as a process that is merely measuring the activities being carried out in the marketing department, it is seen as a set of integrated actions and processes that are collective and related to the entire customer interface of the organisation.

As mentioned in the introduction to these research questions, the main goal of this study is to understand the factors that are affecting the successful application of marketing performance measurement in B2B service companies. Hence, the research focuses on the overall process of measuring marketing performance and not on assessing the performance of certain specific elements in the marketing mix, such as advertising. When examining those factors that affect the application of the marketing performance measurement process, the focus here is on better understanding how the organisational and environmental level contextual factors affect the process as opposed to individual (employee) level factors.

1.4 Structure of the study

This study is structured as follows. The extant marketing performance literature will be reviewed in Chapters 2 and 3. In Chapter 2, the pertinent definitions of marketing performance measurement are presented, and the different marketing performance measurement models from the prior literature are then introduced.

Chapter 3 identifies the factors that are influencing the marketing performance measurement process with the help of contingency theory. First, it presents how contingency theory can be utilised in identifying and classifying the various factors that derive from existing theory. Secondly, the fostering or impeding factors in the task environment and corporate context are presented. At the end of Chapter 3, a preliminary conceptual framework for marketing performance measurement and the factors that affect its application are presented.

The multiple case study approach applied in this study is described in Chapter 4, while the empirical findings of the study are presented in Chapter 5. In Chapter 6, these findings are further discussed in terms of the conceptual framework presented in Chapter 3 to understand how the studied context affects the application of MPM. Finally, Chapter 7 presents the theoretical contributions and managerial implications of the entire study.

2 **MARKETING PERFORMANCE MEASUREMENT**

While it has been acknowledged that marketing practitioners are unable to show accountability for their actions without a valid, reliable and credible marketing performance assessment, the academic understanding of marketing processes is still relatively undeveloped. Furthermore, the lack of comprehensive understanding of the marketing performance process affects both academics and practitioners. (Morgan et al. 2002, 371–373.) This chapters examines what constitutes a typical marketing performance measurement process.

2.1 **Definitions of marketing performance measurement (MPM)**

Before studying the elements of and distinct approaches to the process of marketing performance measurement, certain pertinent definitions need to be scrutinised. Even though the evolution of marketing performance measurement began several decades ago (Frösen 2013, 33), marketing research on performance assessment, control, and management is still rather unorganised in terms of the consequent terminology. Thus, no generally approved definitions currently exist. However, there have been independent attempts to define the central concepts.

Marketing performance measurement is a part of a broader concept, **marketing management**, which is understood as a cycle of analysis, planning, implementation, and control (Frösen 2013, 19). Similarly, marketing performance measurement is part of **marketing control**, which refers to the organisational control over marketing activities and the guiding of marketing employee activity (Jaworski 1988, 23–24). The activities ensure that the desired organisational outcomes are achieved by influencing the behaviour and activities of individuals (Jaworski et al. 1993). The major purpose of this control is to have the results of the plan be as close as possible to the objectives (Sharma & Achabal 1982). Marketing control can be either formal, such as marketing metrics within the performance measurement process, or informal, such as market orientation as cultural control (Frösen 2013, 146).

Since marketing performance measurement is a strategic concept, it can be understood in several ways. According to Ambler et al. (2004), marketing performance measurement can be viewed as an essentially rational process that offers the informational means to help the planned marketing activities produce the desired results (see also Jaworski 1988). Alternatively, marketing performance measurement can be seen as the relationship between marketing activities and business performance (O’Sullivan et al. 2009, 844; Clark & Ambler 2001, 231), reflecting that the interests and controls of top management to ensure people’s behaviours and decisions are consistent with organisational objectives

and strategies. Finally, marketing performance measurement can be viewed as a practice that is evolving in conformity with company history and traditions as well as key industry forms (Frösen 2013, 110).

Following the definition by Frösen (2013, 17), **marketing performance measurement (MPM)** is a form of marketing control that enables an organisation to monitor the outcomes of its marketing activities and thereby ensure the attainment of the goals that are set. Parallel to the definition of marketing performance measurement, **marketing performance assessment systems** are control systems of marketing control that retain formalised routines and procedures that use information to maintain or alter patterns in organisational activity to ensure the desired outcomes (Morgan et al. 2002, 364). Following the same typology, Frösen (2013, 19) defines **marketing performance measurement systems** as the processes of setting desired performance standards, collecting information on actual performance compared against the desired performance standard and taking corrective actions, if necessary. Figure 1 summarises the key terms related to marketing performance measurement and explains how the focus of the study, marketing performance measurement, is positioned in the broader concept of marketing management and control.

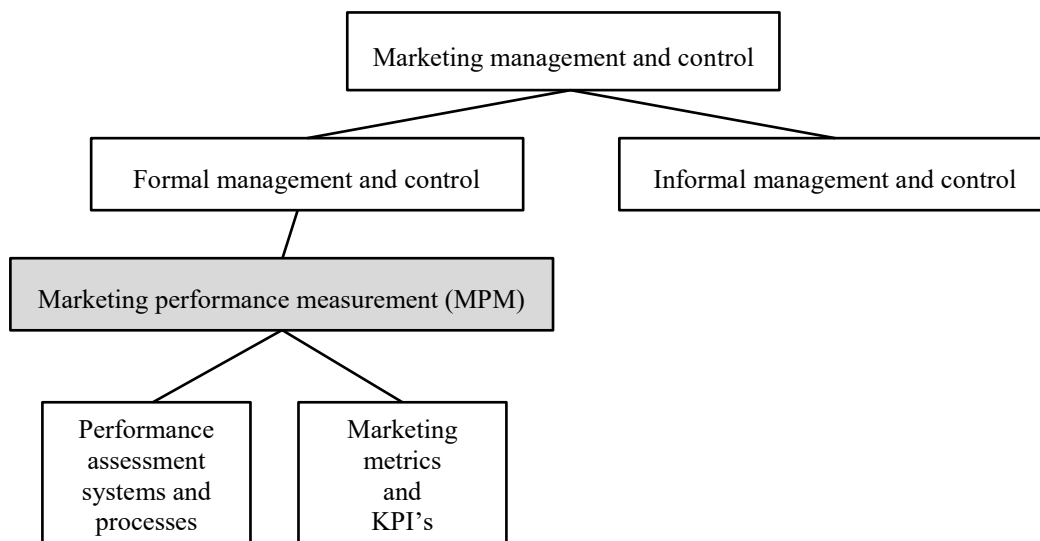


Figure 1 The hierarchy of MPM key terminology

2.2 MPM models

When studying strategic processes, the important first step is to identify the key stages involved (Van de Ven 1992). Because marketing performance is a dynamic and multidimensional process (Morgan et al. 2002; Ambler et al. 2004), during its evolution, the

preceding marketing literature focused on different dimensions and approaches for assessing marketing performance. Furthermore, several general processes for marketing performance measurement were suggested.

The history of marketing performance measurement is relatively lengthy. Marketing performance measurement has been studied and practiced for decades. (Clark 1999.) Thus, the preceding marketing literature has had time to discuss the several themes related to marketing performance measurement, namely, measuring past performance vs. evaluating future performance; measuring short- vs. long-term performance; and measuring financial vs. non-financial performance (e.g. Clark & Ambler 2001; Morgan et al. 2002; Ambler 2003; Srinivasan & Hanssens 2009; Minzt & Currim 2013). Furthermore, the effects of individual vs. incremental marketing actions have been discussed comprehensively. Three consistent research directions can be recognised by examining the history of marketing performance measurement: Moving from financial to non-financial output measures; expanding from measuring marketing outputs to measuring marketing inputs also; and finally evolving from using unidimensional to multidimensional performance measures (Clark 1999).

The general frameworks of marketing research for explaining the phases through which marketing activities transform into financial performance (e.g. Homburg et al. 2012; Stewart 2009; Rust et al. 2004; Morgan et al. 2002) form the basis of measuring marketing performance and constitute the typical marketing performance measurement process. These frameworks consider performance measurement by taking into account the intermediate marketing outcomes that translate actual marketing actions into performance. Hence, these models comprise interchangeable marketing outcomes that have been discussed in the marketing research in preceding years.

These models can be viewed as either normative or contextual. A normative model is a rather static universal conceptual framework, where the system perspective of organisational effectiveness is utilised. Contextual models, on the other hand, are embedded in the organisational context of a specific company with its own organisational contingencies, and thus, it becomes the application of a normative model in a particular corporate context. (Morgan et al. 2002.) Table 1 offers a summary of the key models of marketing performance measurement that will be discussed further in this current chapter.

Table 1 Key MPM models

<i>Model type</i>	<i>Name of model</i>	<i>Source</i>
Normative	A framework for marketing accountability	Stewart 2009
Normative	The chain of marketing productivity	Rust et al. 2004
Normative	A normative MPA system	Morgan et al. 2002
Contextual	A comprehensive MPM system	Homburg et al. 2012
Contextual	A contextual MPA system	Morgan et al. 2002

Stewart (2009) represents a framework of marketing accountability that characterises the links between marketing activities, intermediate marketing outcomes and finally financial performance. The framework for marketing accountability in Figure 2 consists of marketing activity, e.g., a social media post that produces intermediate marketing outcomes, e.g. an increase in brand equity. These intermediate marketing outcomes then impact the cash flow drivers, e.g., an increase in sales, which affects the cash flow of a company. Eventually, this produced cash flow defines the company's performance in the long term. Although a simplified model, the framework of Stewart's (2009) captures the definition of marketing performance measurement as an enablement for monitoring the different levels of marketing activity outcomes. The intermediate outcomes represent the interplay of short- and long-term outcomes by being the reservoir of cash flows (Srivastava et al. 2001; Rust et al. 2004) that can later be harnessed to current cash flows (final marketing outcomes).

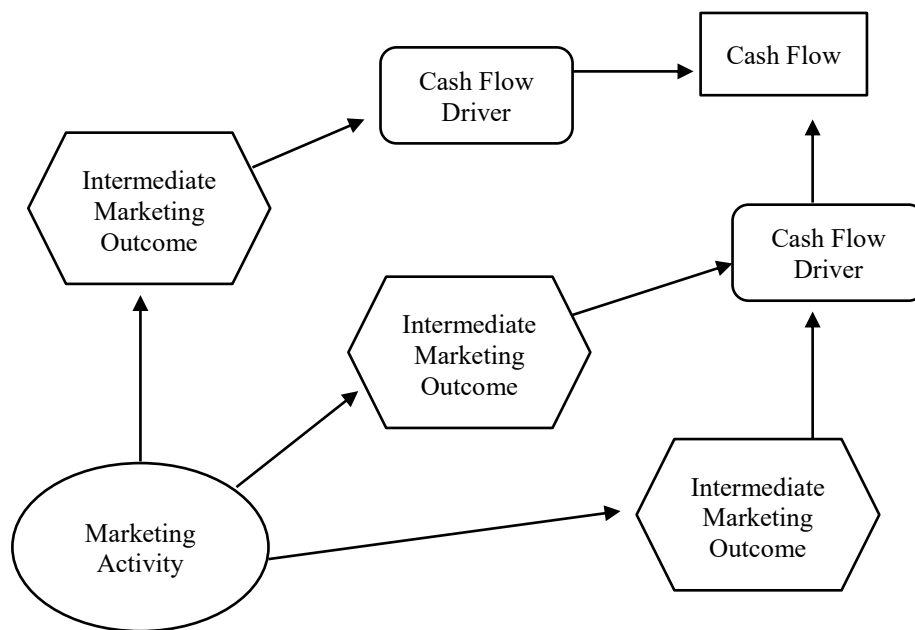


Figure 2 A framework for marketing accountability (Stewart, 2009)

The strength of Stewart's (2009) framework for marketing accountability rests in its simplistic representation. It can serve as a starting point and the ideology behind marketing performance measurement; however, it lacks detailed steps, areas of performance measurement and the metrics to be measured and thus cannot easily act as a comprehensive constitution for the overall marketing performance measurement process. While Stewart's framework does describe the relevant areas for the development of metrics and measures, it nevertheless ignores the other important part of marketing performance measurement, namely, ensuring there is attainment of the set goals. Consequently, marketing performance measurement is seen as a linear process rather than as a thoroughly circular process, where future marketing can be improved based on the overall data of

historical outcomes. Further still, Stewart's simplistic model is limited in its conceptualisation since it does not account for any contextual factors, such as market or industry dynamics.

Following Stewart's (2009) conceptualisation at a more detailed level, the chain of marketing productivity model by Rust et al. (2004) in Figure 3, aims to show how marketing expenditures influence marketplace performance by eventually transforming inputs into outputs through several intermediate phases. The chain of marketing productivity addresses the long-lasting problem of how the non-financial measures of marketing effectiveness drive the financial performance measures, e.g., sales or profits both in the short- and the long-term.

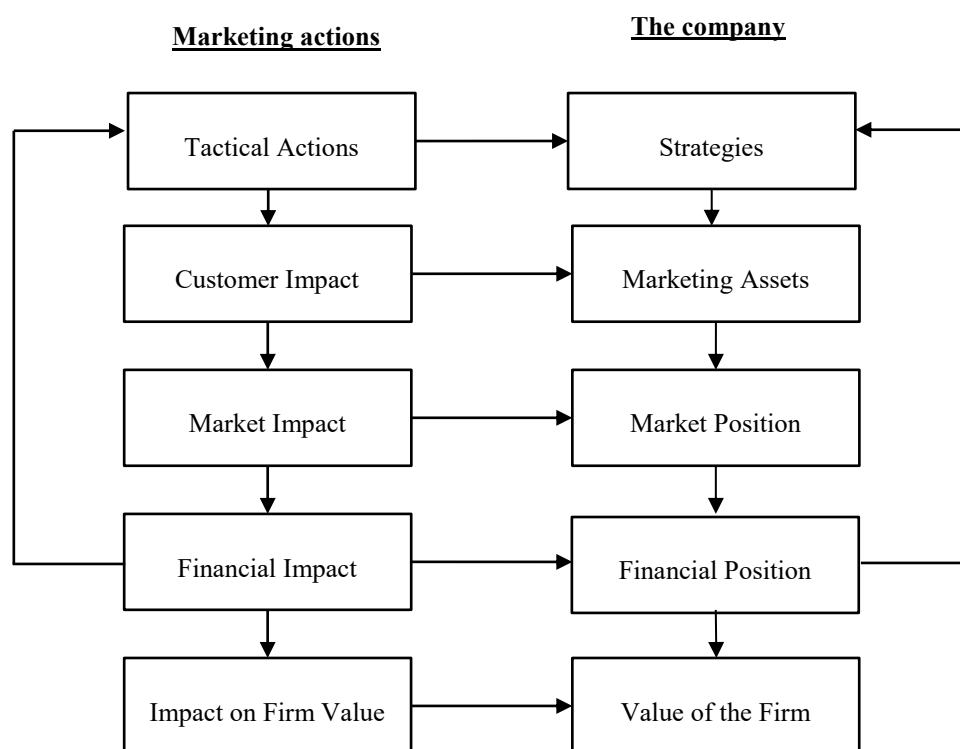


Figure 3 The chain of marketing productivity (Rust et al. 2004)

Relative to other existing frameworks, the conceptual model by Rust et al. (2004) is both comprehensive and process-oriented in showing the linkages between each phase from business strategy and tactical actions to financial outcomes and firm value. It explains how marketing actions, such as service improvements or advertising, can help build long-term assets (e.g. customer or brand equity). That equity can then be leveraged to deliver short-term profitability. Thus, marketing actions can both create and leverage market-based assets.

The model of Rust et al. (2004) begins with firm strategies that may include strategies at different organisational levels, namely, marketing strategy, product strategy or business

strategy. These strategies lead to certain tactical marketing actions, such as service improvement efforts, which have a customer impact, e.g., increased customer satisfaction. This customer impact influences sales and market share (market impact), as well as building long-term marketing assets, such as customer satisfaction and customer equity. In other words, marketing actions create brand equity that thereafter can generate both short- and long-term market outcomes (e.g. stronger brands generating greater sales). Further, the firm's market position is determined by both current market outcomes (market impact) and its state of marketing assets that influence future cash flows. Similarly, its market position is linked with its financial position and the ultimate value of the firm. Although not shown in the illustration, Rust et al. (2004) do note that the elements of environment and competition also influence marketing actions. Thus, their model should be viewed within the company context.

The biggest strength of this model is that it explains the interrelationships between marketing actions and the company, both in the short- and the long-term, and it also suggests appropriate measures for each category. Hence, the model explains, for instance, how marketing actions affect customer knowledge and beliefs (customer impact), and how these intermediate outcomes lead to market outcomes in both the short and the long run. Albeit its strengths, however, this model by Rust et al. (2004) is not without criticism. The criticism of the chain of marketing productivity stems from its focus on productivity, which emphasises marketing efficiency (the relationship between performance outcomes and the inputs required to achieve them) at the expense of other dimensions, including marketing effectiveness (to what extent marketing objectives are met) and adaptiveness (how well the company is able to adapt to environmental changes) (see Morgan et al. 2002).

The model does consider marketing effectiveness by discussing marketing performance measurement in terms of strategic goals although strategic goals should guide the metrics selection and be the basis of the whole measurement process (e.g. Ambler et al. 2004). Furthermore, Rust et al. (2004) do not contemplate the reporting of measurement results in their model although doing so might play an important role in communicating the outcomes and accountability of marketing to the top management (O'Sullivan & Abela 2007), thereby demonstrating what marketing contributes to the company's bottom line (Stewart 2009). Although Rust et al. (2004) take environment and competition into account when explaining their framework, the model does not address the impacts of environmental and competition factors sufficiently. This aspect is an essential shortcoming, since measuring of actions against business goals or competitors is considered an indispensable part of the marketing performance process (e.g. Ambler et al. 2004; O'Sullivan & Abela 2007).

Alternatively, according to Morgan et al. (2002, 367), marketing performance could be seen as a three-dimensional construct that is comprised of effectiveness, efficiency,

and adaptiveness. Effectiveness is the extent to which organisational goals and objectives are achieved, whereas efficiency is the relationship between performance outcomes and the inputs required to achieve those outcomes. Finally, adaptiveness is the ability of the organisation to respond to environmental changes. Rust et al. (2004, 77) follow this same kind of classification of “effectiveness” and “efficiency” for understanding how marketing actions help build business assets. They use price promotions as an example that can be efficient in that these deliver short-term revenues and cash flows. While still delivering short-term profit, by inviting competitive actions and destroying long-term profitability and brand equity, price promotions may not be effective. Thus, it is essential to see the differences between effective and efficient marketing actions.

A review of Morgan et al. (2002, 366) suggests that the previous marketing performance measurement systems that focused purely on efficiency or effectiveness cannot alone provide a satisfactory basis for precise marketing performance assessment. If marketing performance is considered and measured from only an efficiency or effectiveness point of view, the overlapping impacts of marketing actions are not considered properly. For example, if the marketing communications budget and the number of salespeople are reduced, marketing adaptiveness will be lower. Also, if there is less spending on marketing communications, usually brand awareness is reduced, and marketing effectiveness is lower. To reach a comprehensive view of marketing performance, it is not enough to view it as a chain-like process with sequential outcomes, but rather the quality of these outcomes must be also viewed in terms of their effectiveness, efficiency, and adaptability (Frösen 2013). Thus, any models of marketing performance measurement should be explored using these three dimensions.

Besides classifying the different systems of marketing performance measurement based on their dimension, marketing literature has further separated the systems based on their conceptualisation. Consequently, the distinct marketing performance measurement systems are classified as either normative or contextual (Rust et al. 2004; Morgan et al. 2002; Frösen 2013), as briefly introduced at the beginning of this chapter. The normative marketing performance measurement system is a universal conceptual framework that offers insights into marketing performance and describes the steps through which marketing actions translate into actual financial performance (e.g., Rust et al. 2004; Morgan et al. 2002). Alternatively, a normative marketing performance measurement system comprises the marketing performance dimensions that should be expounded when assessing marketing performance. Normative systems are consistent with the organisational effectiveness systems found in organisational theory, as they are relatively static and change only as the process for understanding changes to a significant degree changes. (Morgan et al. 2002.) These general frameworks could be considered universal and thus applicable to all firms and business environments (Frösen 2013, 93–94). The model for

the normative marketing performance assessment (MPA) system by Morgan et al. (2002) is shown in Figure 4 and will be discussed next.

Competitive advantage theory suggests that there are four broad stages of marketing performance. First, there are the sources of advantage, which comprise the acquisition, development, and deployment of the resources and capabilities of the company. Secondly, there are positional advantages that represent the realised strategy of the company concerning the delivered customer value and the costs that are incurred relative to its competitors. Third, there are market performance outcomes, such as the customer and competitor outcomes that respond to a company's realised positional advantages. Finally, there are financial performance outcomes for the costs and benefits of the achieved level of market performance. Additionally, normative MPA system models need to allow performance to be assessed from the efficiency, effectiveness and adaptiveness perspectives within and between each of the stages of the marketing performance process. (Morgan et al. 2002, 366.)

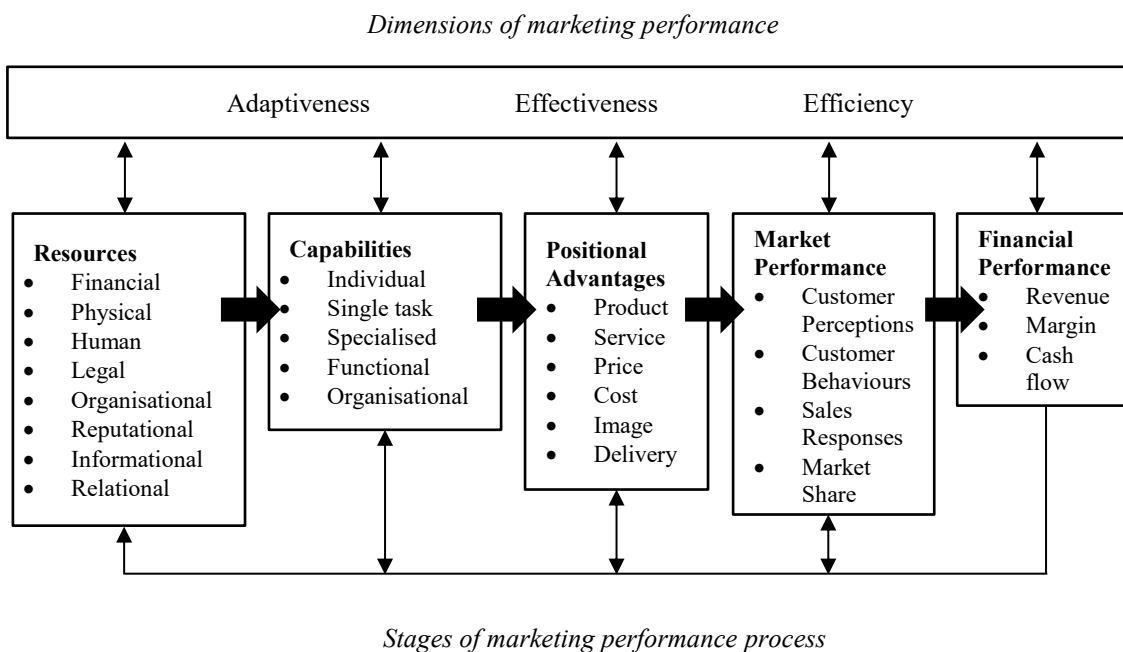


Figure 4 A normative MPA system (Morgan et al. 2002, 367)

The normative MPA system by Morgan et al. (2002, 367) follows the same typology as the chain of marketing productivity offered by Rust et al. (2004), yet emphasises different factors of the process. Although encouraging the assessment of marketing performance from efficiency, effectiveness, and adaptiveness perspectives, the model does not describe how these elements should be taken into account within and between each of the stages. Further, the model does not include the actual marketing activities, but rather it

depends on a more holistic view of marketing skills and activities as resources and capabilities of the company. In so doing, it can serve as a theoretical model and starting point, but it still lacks sufficient attention to detail so as to act as a comprehensive constitution for the marketing performance measurement process. Accordingly, the model does not separate the short- and long-term outcomes of any marketing actions.

Responding to the demands for greater marketing accountability, many companies have recently focused on improving and extending their marketing performance measurement systems (Homburg et al. 2012; Rust et al. 2004). Despite these efforts, many projects that aim to improve performance measurement have failed. According to Stewart (2009), fewer than one fifth (17%) of the marketing executives stated that their organisation had a comprehensive marketing performance measurement system although these companies did appear to outperform other companies in several areas, e.g., in revenue growth, market share, and profitability. Stewart further suggests that marketing enjoys greater management confidence in those companies where a comprehensive performance measurement system is used.

The study by Homburg et al. (2012) examined the circumstances under which comprehensiveness in marketing performance measurement system truly influences company performance. In so doing, it tests the predictions made by two literature streams, wherein one recommends the implementation of a comprehensive marketing performance measurement process irrespective of company contingencies and the other suggests implementation that considers the internal and external contingencies of organisation.

The framework in Figure 5 suggests that the relationship between a comprehensive marketing performance measurement (MPM) system and company performance is mediated by marketing alignment and market knowledge. By marketing alignment, Homburg et al. (2012) mean the extent to which marketers execute their tasks and activities following strategic marketing objectives. Market knowledge, on the other hand, is defined as the level of the existing structured knowledge of the target market. A comprehensive MPM system framework also contemplates the contingent effects of the performance measurement system on company performance by using three moderators: Differentiation strategy, marketing complexity, and market dynamism.

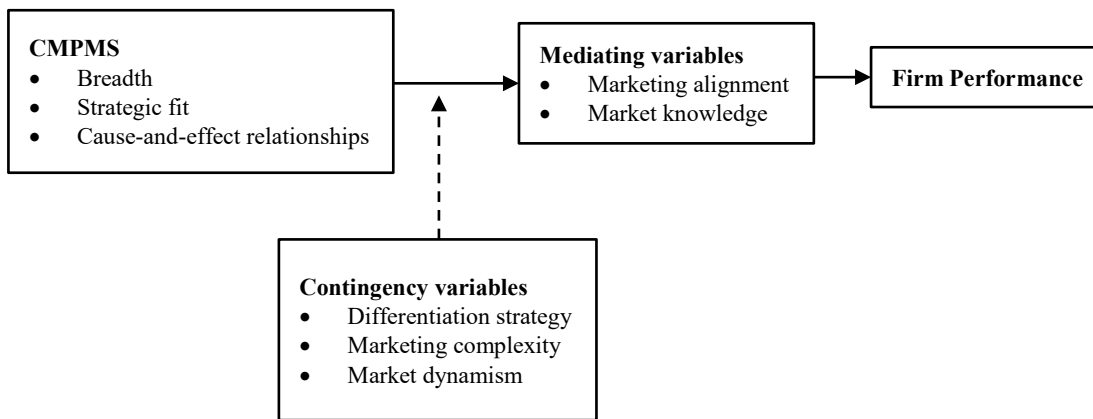


Figure 5 A comprehensive MPM system (Homburg et al. 2012)

Prior studies that related to marketing performance have not investigated the mechanisms that translate performance measurement actions into company performance (O'Sullivan & Abela 2007) or produced more complex research models to use to examine the aspects of marketing performance measurement (Morgan et al. 2002). Therefore, the comprehensive MPM system framework is the first model to explain the chain of effects between marketing performance measurement and company performance. The study by Homburg et al. (2012) suggests that marketing alignment and market knowledge can mediate marketing performance measurement and company performance.

The study by Homburg et al. (2012) found strong empirical support for the moderating effects of marketing strategy, complexity, and market dynamism to the performance outcomes of a comprehensive measurement system. Contemplating the contingent effects, they argue that a comprehensive marketing performance measurement system is not that valuable for companies that have no differentiation strategy, a low level of marketing complexity, and who operate in a market with low dynamism. In these circumstances, investing in the comprehensiveness found in measurement systems appears not to be worth it. Additionally, the study suggests that companies' performance measurement systems should be well aligned with their internal and external environments. This finding supports the concept of contextuality in marketing performance measurement, wherein the process of marketing performance measurement is not seen as normative or as universally "one size fits all", but rather as context contingent in its nature, thereby reflecting company specific factors (Frösen 2013, 27; Morgan et al. 2002).

As noted in Chapter 2.1, marketing performance measurement is a form of marketing control that enables a company to ensure the attainment of their set goals. Because these goals vary across diverse business contexts that are often characterised by different types of offerings, strategies, and target markets, marketing control and marketing performance measurement can be considered as being contextual in nature (Rust et al. 2004; Morgan et al. 2002; Frösen 2013). Marketing research has recognised two types of contextuality.

First, the use of marketing metrics is shown to vary across different types of companies that are operating in different markets. Second, the appropriate use of metrics is shown to be contingent on contextual factors, but also on other cultural forms of marketing control that are being exercised simultaneously. (Frösen 2013.) Despite the theoretical recognition of the importance of contextuality in marketing performance assessment, the empirical research in this field has remained scarce (Morgan et al. 2002).

In an effort to provide a more context- and company specific model for marketing performance measurement, Morgan et al. (2002) presented a system for contextual marketing performance assessment (MPA). A contextual MPA system is embedded in the organisational context of specific companies, thereby reflecting prevailing organisational contingencies. Thus, it becomes the application of a normative MPA system in a particular corporate context. (Morgan et al. 2002, 366.) Further, contextual MPA systems are those where a company has made a choice to focus on certain metrics and not on others (Frösen et al. 2013, 730) and thus has applied the system to fit its own context. Compared to the static nature of normative MPA systems, contextual systems are dynamic in that sense that they change to reflect changes in the company and any industry specific contingencies. Examples of such contingencies are the industry sector, target market, or the type of offering, and all affect the way in which marketing translates into actual business performance (Morgan et al. 2002, 366).

In practice, the deviations from the normative MPA systems of individual companies' delineate a company's priorities for marketing and the specific adaptations needed to succeed in their environments (Frösen et al. 2013, 720). Thus, contextual MPA models reflect the primary goals and interests of a firm's top management as well as industry norms and traditions (Ambler & Roberts 2008). Contextual MPAs are also more congruent with the goal-oriented perspectives on organisational effectiveness (Morgan et al. 2002, 366). The contextual MPA model by Morgan et al. (2002, 368) as represented in Figure 6, models the contingencies of strategy, context, and environment that affect the characteristics of MPA and the impacts of MPA characteristics on company performance.

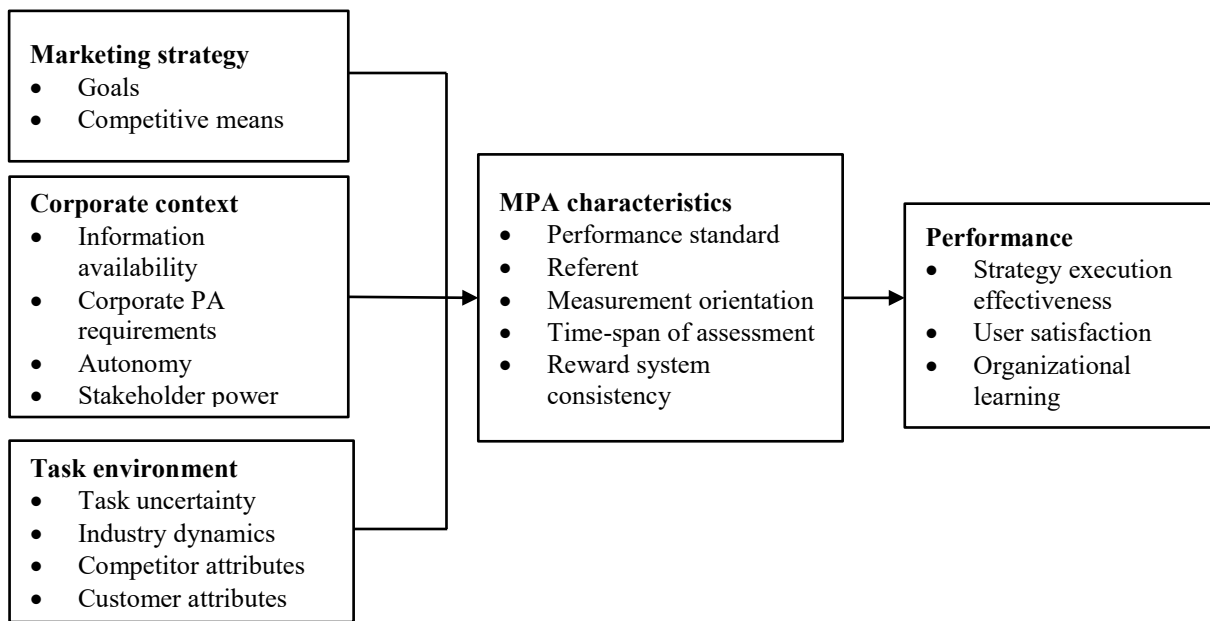


Figure 6 A contextual MPA system (Morgan et al. 2002, 368)

The contextual model for assessing marketing performance is to outline the contextual factors that affect the design and use of MPA systems, namely, marketing strategy, corporate context, and the task environment. Morgan et al. (2002) derive these contingencies as relevant and important per the scant empirical attention paid to MPM in the preceding literature. The model proposes that the factors within a marketing strategy, corporate context and task environment affect the design and use of any marketing performance assessment, which in turn affects company performance. While introducing many relevant contingency factors that affect the application of MPM processes, this contextual model is still rather theoretical and does not provide practical guidance for the actual activities to be measured or the precise measures to use for that performance measurement. As with the other models introduced already, the contextual MPA system can serve as an ideological starting point for MPM implementation work, but they offer rather scarce input for actually implementing the processes for monitoring marketing outcomes and ensuring attainment of the set goals. Thus, it cannot be concluded that this model could serve well as a typical marketing performance measurement process.

According to Stewart (2009), standards are necessary as the basis for actions, accountability and improvement. Furthermore, one can improve a process only after reaching agreement on its definition. Although marketing research has proposed, but also examined, several models for the marketing performance measurement process, arguably it still lacks standard processes for MPM. Thus, considering the MPM models existing in the prior literature and represented in this chapter, no typical marketing performance measurement process has been found that can cover both the dimensions of measurement

and the contingencies that affect that measurement. Instead, it should be noted that there is no universal measurement process that can fit all organisations; rather, the process of marketing performance measurement is context contingent in its very nature (Frösen 2013, 27). This viewpoint means that the MPM process and the metrics chosen to evaluate marketing performance should reflect company specific factors and be contextual in its nature. Thus, even the normative models for marketing performance measurement should always be adapted to the company specific context (Morgan et al. 2002) by aligning marketing performance measurement with that company's internal and external environment (Homburg et al. 2012).

To conclude, companies need to find the marketing performance measurement systems that best fit their company- and market-specific contexts, and these sets of metrics and tools of control should always be tailored to each company's specific context (Frösen et al. 2013). Moreover, these metrics should not be the centre of measurement. Instead, more attention should be given to the marketing activities that are measured (O'Sullivan et al. 2009, 843). Further, the most effective marketing performance measurement system is the one that best fits the company's goals, strategy, structure and environment (Frösen et al. 2013).

3 FACTORS THAT AFFECT MPM APPLICATION

After studying what comprises a typical marketing performance measurement process, this chapter examines which factors affect the application of that marketing performance measurement process and considers the fostering and impeding factors having an effect on that marketing performance measurement. As discussed in the previous chapter, both academics and managers currently lack a comprehensive understanding of not only the marketing performance process, but also the factors that affect the design and use of marketing performance assessment systems in actual corporations (Morgan et al. 2002, 363). Academics (e.g. Frösen et al. 2013, 733) have recognised the need to further research the impact of individual factors in the business context on the use of marketing performance measurement systems. Given the centrality of marketing performance assessment in academics and by marketing practitioners, surprisingly little attention has been paid to the key contingencies reflected in those marketing performance assessment systems within organisations (Morgan et al. 2002, 368). Although it has been expansively argued that companies should align performance measurement with their internal and external environments, prior research has only reasonable understanding of its specific environmental constructs (Homburg et al. 2012; Morgan et al. 2002; Ittner & Larcker 2001; Hoque & James 2000).

3.1 Contingency theory and the classification of factors

It has been acknowledged that business projects, and marketing projects in particular require the ability to identify and pursue business opportunities in the market. In order to do so, businesses need to adapt to their ever-changing environments. (Izvercianu & Buciuman 2012, 325.) This focus holds true also for marketing performance measurement, since the successful application of MPM should integrate a company's goals, strategy, structure, and environment (Frösen et al. 2013). Similarly, there are also different levels of those factors that affect the application of MPM.

The factors affecting the MPM process will be identified here with the help of the contingency theory approach, which offers an opportunity to integrate the perspectives from management and marketing, hence acknowledging their interdependency and emphasising the importance of situational influence while still questioning the existence of a single best way to manage or organise (Zeithaml et al. 1988, 37, 58). Instead of focusing on universal "one-size-fits-all" -models, the contingency theory suggests that the most appropriate way of organising and managing depends on the environment's situational factors a company faces at the time.

The contingency theory focuses specifically on the structural factors, e.g., company strategy, size, and internal processes that are defined by the environment (e.g. Burns & Stalker 1961). Thus, the approach aims to identify commonly recurring settings and observe how different structures, strategies, or behavioural processes fare in each setting. Differences in these environmental dimensions result in differences in organisational structures, strategies, and decision-making processes. The contingency theory argues that there are several possible ways to become organised; still, each way of organising is not equally effective under all conditions. Thus, certain organisational actions or responses are more appropriate than others are, depending on the specific situation. (Zeithaml et al. 1988, 39–40.) Companies may thus obtain sustained competitive advantages by implementing strategies that exploit their internal strengths by responding effectively to environmental opportunities, while at the same time avoiding internal weaknesses and neutralising external threats (Barney 1991, 99). So as to be effective, organisations want to match the contingency factors with their internal organisational designs appropriately, so they may positively respond to their environment (Zeithaml et al. 1988, 39–40).

To comprehend the underlying principles of MPM systems, one needs to understand the situational factors that affect organisational implementations: Industry orientation, company structure, organisation culture and social characteristics. These factors were identified through an examination of the marketing and strategy literature. Many well-known contingency frameworks employ a single dimension or 2x2 matrices that are comprised of two critical contingencies. This study instead employs multiple contingency dimensions. According to Zeithaml et al. (1988, 40), the added complexity of multiple contingency dimensions allows for greater precision in the determination of high-performance contingencies although this focus may reduce the straightforward appeal of a simpler framework.

In order to have a relevant set of contingency factors that are based on theoretical grounds and prior research findings, the key factors were grouped into broad categories within the corporate context and the task environment. Since the objective of this study is to understand the factors that affect the successful implementation of MPM, the focus is on the corporate context group and its four dimensions: Company structure and resources, strategy and goals, organisational culture and social structures, and finally, capabilities and technology. As argued in contingency theory, companies have a limited ability to affect the task environment they are operating in; rather they gain competitive advantage when they appropriately match their internal organisation design with their own contingency factors. Accordingly, the task environment characteristics are somewhat set, defining the organising process in the corporate context. After the identification and grouping of such factors, the highly interrelated contingency factors were combined or eliminated to have an extensive, but comprehensible, framework for empirical testing.

The identified factors will be discussed in sequence in the subsequent chapters, one group and its dimensions at a time. Since many of the factors that affect the application of the marketing performance measurement process can be both impeding and fostering, depending on their status in the company, both fostering and impeding factors will be discussed together. A complete list of the identified factors from the prior literature that affect any application of the marketing performance measurement process can be found here in Appendix 1.

3.2 Task environment

There has been a demand for context specific studies on marketing performance measurement to deepen the existing knowledge of the contingencies that affect marketing performance measurement (O’Sullivan & Butler 2010, 114). The applications of the normative MPA models provided in the literature (e.g. Rust et al. 2004) do vary across business contexts when brought into practice (Frösen et al. 2013, 729). It has been suggested that industry or the business sector a company operates in affects the combinations of metrics they use (Farley et al. 2008; Ambler et al. 2004; Said et al. 2003) as well as the use of marketing performance assessment (Frösen et al. 2013, 729). Like other contingencies, the task environment affects the way in which marketing translates activities into business performance (Morgan et al. 2002, 366). Table 2 summarises the existing research on the task environment factors that affect the application of the marketing performance measurement process. These factors are grouped here into two dimensions: Market dynamics and industry orientation.

Table 2 Factors in the task environment

<i>Factor</i>	<i>Source</i>
<i>Market dynamics</i>	Farley et al. 2008 Ambler 2003 Morgan et al. 2002
Task environment uncertainty	Mintz & Currim 2013 Morgan et al. 2002 Jaworski 1988 Hirst, 1983
Competitors	Farley et al. 2008 Morgan et al. 2002 Hoque & James 2000 Clark & Montgomery 1998 Day & Nedungadi 1994
Customers	Farley et al. 2008 Morgan et al. 2002 Day & Nedungadi 1994

Country	Frösen 2013 Grewal et al. 2009 Barwise & Farley 2004 Ambler & Xiucun 2003 Ambler 2003
<i>Industry orientation</i>	Frösen 2013 Garber & Dotson 2002 Day & Wensley 1988
B2B vs B2C oriented Service vs goods oriented	Mintz & Currim 2013 Homburg et al. 2012 Ambler et al. 2004
Complexity	Lilien 2016 Kotler et al. 2012 Ellis 2011
Relationship-focus and organisational buying	Kotler et al. 2012 Ellis 2011 Grönroos 1995
Market segmentation and type of offering	Cousins & Lawson 2007 Webster 1978

The role of the environment as an important contingency factor has been acknowledged widely in the academic research. The external environment of a company puts constraints on that company's strategic actions and the benefits derived from those actions. A greater level of environmental complexity and dynamism brings an increased number of opportunities as well as threats, and requires companies to be more responsive to both kinds of changes. (Gaur et al. 2011.) To adapt to this environmental turbulence, a company needs to develop methods for gathering information, develop flexible internal systems for understanding the impact of change in the environment and implement plans for meeting the challenges initiated by all kinds of change (Vorhies & Yarbrough 1998).

3.2.1 *Market dynamics*

Prior research (e.g. Farley et al. 2008; Ambler 2003; Morgan et al. 2002) suggests that a company's market dynamics influences the implementation and conventions of its marketing performance measurement processes. In this current study, these market dynamics include the uncertainty of task environment, competitor and customer power, and the country in which the company is operating. Further task environment factors that define the industry orientation of the business are presented in the next chapter here.

Task environment uncertainty concerns the predictability of the environment wherein the company operates. When designing marketing control systems, environmental uncertainty or diversity has been suggested as significantly affecting the performance measurement (Ambler 2003; Morgan et al. 2002; Jaworski 1988; Hirst 1983) by e.g.,

increasing the cost of performance measurement (Eisenhardt 1985). It has also been argued, for example, that in the case of greater market turbulence, managers' will report more use of marketing and financial metrics (Mintz & Currim, 2013).

The characteristics and behaviours of **competitors** in a company's task environment affects the ways that marketing performance measurement is utilised (Morgan et al. 2002, 369). Competition tends to be positively related to the use of performance metrics, for example when the metrics used are a reaction to a difficult business environment (Farley et al. 2008, 186). Accordingly, threatening competitive behaviour may drive companies toward a zero-sum understanding of what drives their marketing performance (Clark & Montgomery 1998). Industry participation and standards may also have an impact on the use of marketing performance metrics, since both affect the amount and type of resources available to a company (Farley et al. 2008, 186). Concentration of competition, on the other hand, makes competitors more salient in their managerial representation of advantage, thereby making performance measurement utilisations to emphasise competitor interactions as the key drivers of marketing performance (Day & Nedungadi 1994). Contrary to that view, it has also been argued that a company's market position does not significantly affect the relationship of performance measurement and overall company performance (Hoque & James 2000).

As with competitors, **customer characteristics and behaviours** affect marketing performance measurement. It has been argued that the concentration of buyers or the extent to which a customer base is dominated by a few buyers, is an important driver of marketing performance measurement systems (Morgan et al. 2002, 369). Besides leading to increased buyer power and importance to the organisation (Day & Nedungadi 1994), a concentrated customer base leads to a more informal and personal account management systems compared to monitoring the marketing performance of a large customer base using data mining and analysis (Morgan et al. 2002, 369). Thus, both customer power and competitor power – their characteristics and behaviours – affect the types of information that companies use to monitor their operations, including their marketing plans (Farley et al. 2008, 186).

It has been argued by many academics, that **country** as part of a market setting affects the conventions of marketing performance (Frösen 2013; Grewal et al. 2009; Barwise & Farley 2004; Ambler & Xiucun 2003; Ambler 2003), since measured marketing practices do differ significantly in different geographic contexts (O'Sullivan et al. 2009, 844; Singh et al. 2005). The inherent characteristics of a country, e.g., its culture, are important when considering marketing activities and their measurement (Singh et al. 2005, 72). In less culturally similar countries, the marketing activities or parts of those activities need to be adapted (Jain 1989), and doing so consequently affects to the utilisation of MPM processes. A multinational company operating in different countries needs to separate the unique contributions of its country-level operations, which makes both the measurement

process and the evaluation of global performance more complex and can require unique adaptations in the design of MPM (Grewal et al. 2009, 117).

The preceding marketing literature has shown country setting to affect the content of MPM systems and their process in actual practice (Frösen et al. 2013, 719), more specifically in terms of the emphasis and the use of individual marketing metrics, but also in the overall metrics usage. When studying the metrics usage in several countries, Barwise and Farley (2004) found significant differences in the overall metrics usage for companies in the USA, Japan, Germany, the UK, and France. Similarly, the study by Ambler (2003, 121) on 700 respondents from the USA, Japan, Germany, UK, and France reported that there is significant variation by country in the use of performance metrics and their reporting to company top executives. The study by Ambler and Xiucun (2003) follows correspondingly by representing that there are differences in the measurement practices of companies in China and in the UK.

Because of time and resource constraints, this study was conducted with multiple cases from Finland, which may of course affect the study findings and their implications. It has been argued that Finnish companies are good at tracking and knowing their customers and competitors, partially because of the small size of its national markets compared to those in Sweden, for instance (Möller & Anttila 1987, 201). While getting valuable comprehension of the single studied market, the chosen research scope of B2B service companies in Finland is considered in the limitations discussion of the study.

3.2.2 Industry orientation

Targets and goals that are set for marketing can differ between **industry orientation**, e.g., between B2B- and B2C-markets or between product and service markets (Frösen 2013, 19–20), since the underlying business logic, the sources of competitive advantage, not to mention customer needs and competitor offerings will vary across different business contexts (Day & Wensley, 1988). This variation can be explained examining certain industry dynamics that consider the time span involved in the marketing performance process: e.g., the time that is taken to acquire sources of advantage, achieve positional advantage (Morgan et al. 2002, 369) or as in the studied context, the length of negotiation cycles in organisational decision-making. The time spans of these stages may vary considerably between industries (Feder 1965). Thus it is expected that the implementation of marketing performance measurement processes is assumed to vary in different business contexts. Industry orientation of a company defines whether that company's business is focused on B2B vs. B2C markets and goods vs. service markets.

It has been suggested that the use of marketing metrics is contingent on the particular business sector, at least partially because competitive benchmarking requires similar metrics to be available (Ambler et al. 2004, 475). Other explanations for this dependency arise from the similarity of strategic objectives, the industry norms and conventions within each business sector (Frösen et al. 2013, 729). This similarity could be explained through the concept of isomorphism, a constraining process that forces a unit in a population to resemble other units that face the same set of environmental conditions to strengthen their legitimacy within that population and widely discussed in sociological organisation theories (e.g. DiMaggio & Powell 1983).

Although environmental factors and the specific business context do affect marketing performance measurement, as of yet, this aspect has received scarce attention in the prior marketing research. Instead, that prior research has focused on the use of marketing metrics. For example, Mintz and Currim (2013) argued that the use of marketing metrics is greater in companies that are publicly (vs. private) owned, companies with better recent business performance, and in B2C vs. B2B and goods vs. service focused companies. Similarly, Ambler et al. (2004, 490) report that in their research, companies in the consumer goods industry consistently rated metrics as more important and reviewed at more senior levels than did companies in the business-to-business services industry. Likewise, Coviello, Roderick, Danaher and Johnston (2002) suggest that managers in goods-oriented companies are more transaction focused and thus more likely to rely on metrics compared to managers in service-oriented companies.

Alternatively, Homburg et al. (2012) argued that compared to other companies, service companies that implement comprehensive MPM systems reflect possible cause-and-effect relationships and provide information about interrelationships within value chains by having a high degree of strategy-measurement-fit, measuring also non-financial metrics (e.g. employee satisfaction) and integrating non-financial and financial measures and their interrelationships. On the other hand, Mintz and Currim (2013) suggest that managers in B2B-oriented companies are more likely to focus their marketing efforts on “one-to-one” circumstances while B2C-oriented companies focus their efforts on “one-to-many” scenarios. While it is expected to be more difficult to observe results that are achieved from many customers than from a single customer, it is also expected to be more important and useful to implement and then utilise marketing performance measurement in B2C-oriented companies.

As discussed here, there are contrary findings that relate to the influence of industry orientation factors on marketing performance measurement. Accordingly, there is only a limited amount of findings and understanding on the individual industry dynamics that affect MPM in the B2B-service context, since many of the suggested MPM models represent either a universal approach or are derived from the B2C industry. This aspect may be one of the reasons, why the prior MPM literature has focused on comparing B2B and

B2C markets, while only moderately studying the particular industry characteristics that explain the differences between these industries in MPM practices. The prior MPM literature lacks enough conceptual understanding of the B2B industry, so more empirical research is needed to understand the B2B service context in greater detail.

While lacking an understanding of the factors that affect MPM application, particularly in the context of B2B service companies, much more prescriptive understanding of MPM can be derived from what is known about the B2B service business markets. Business markets are often networked organisations that are **operating in a complex environment**. Hence the focus on business market management and marketing is needed to understand organisational buying behaviour, buying centres and procedures, as well as the needs, resources and policies of their organisational customers. Compared to consumer markets, the business marketer typically deals with far fewer, but much larger, buyers. (Kotler et al. 2012, 18.) To understand the scale of these B2B markets, it is important to know that global B2B buying in year 2010 involved \$50 trillion in transactions, and that amount should be significantly higher today (Lilien 2016, 543). Indeed, it has been argued that purchases by organisations account for well over half the economic activity in industrialised countries and in areas like e-commerce, B2B activity is more than 10 time greater than business-to-consumer efforts (Ellis 2011).

The nature of the offering and the type of customer served will influence how a company relates to its market. Consumer goods companies typically focus on optimising their marketing mix and applying a transactional approach, whereas service companies will exploit **relational marketing**. (Grönroos 1995.) Accordingly, the supplier-customer relationship in business markets is usually quite close because of the importance and power of larger customers. Therefore, buying is different in the business markets, as the demand may be derived, inelastic, or fluctuating, while the purchasing typically requires multiple stakeholders and professional procedures. (Kotler et al. 2012, 293–296.) Hence, implementing of the marketing concept in the B2B setting is quite different from doing the same in the consumer markets. For instance, B2B markets are relationship and network dependent, and many B2B companies will also manage relationships as an important part of their overall marketing strategy (Ellis 2011).

Market segmentation and the selecting of customer groups is imperative in industrial markets, since the buyer-seller interdependence remains high after the sale. Similarly, identifying customer needs goes further than just the customer, as B2B marketer needs to understand the economics of the customer's operation, the structure of its industry and how he or she competes. Moreover, the design of the service is in the core of marketing, since for B2B markets there is rarely a standard product, but rather an accompanying bundle of services that is often more important than the product itself. Often these service configurations or customisations must be constructed together with the customer. (Web-

ster 1978.) Hence, cooperation between companies on the development, supply and support of offerings is the core of B2B marketing (Cousins & Lawson 2007), and this aspect thus makes marketing a more a general management responsibility when responding to the market (Webster 1978).

When comparing different types of companies as they relate to their markets in the USA, Canada, Finland, Sweden, and New Zealand, Coviello, Brodie, Danaher and Johnston (2002) found several differences between the companies. They found support for consumers and good companies to be more transactional, while business and service companies were more relational, though exceptions were found. It has been argued that the industries in both goods vs. services markets and consumer vs. business markets have drawn closer to each other, and indeed, companies in all industries are increasingly more “solutions organisations”. Thus, differences between these industries are not self-evident, but rather case-specific. The study by Coviello et al. (2002) further argued that the dichotomy of transactional-focused consumer goods companies and relational-focused business service companies was not self-evident, but rather, regardless of type, some companies were balancing the use of both transactional and relational approaches.

To summarise, B2B-customers behave differently, are motivated by different aspects and buy differently when compared to B2C-relationships. Therefore, business-to-business relationships are characterised by greater complexity, larger amounts of money being exchanged, having a more rational buying process, greater use of group decision-making, and the design of customised service offerings unique to each particular company. (Garber & Dotson 2002, 7.) Attracting, maintaining, and enhancing customer relationships is particularly common in buyer-seller interdependent business markets, but also occurs in service-based companies (Berry 2002; Webster 1978). In service businesses, the selling and servicing of existing customers is as important as acquiring new customers in terms of their long-term marketing and desired company performance (Grönroos 2007; Lovelock & Wirtz 2004).

These particular features arguably will affect how MPM is utilised in B2B service companies. For instance, the complexity of the organisational buying process might confuse those marketers which decision-makers to actually target with marketing actions or which stages of the process they need to measure. There might also be a long time lag between the marketing activity and any observable response from the buyer, which makes MPM more complicated. Consequently, the complexity of B2B services’ extending to virtually all relationships in the different departments between buyer and seller and the fact that marketing is dependent on other functions for its effectiveness arguably complicates MPM, since it is not clear which touch points to measure and where the responsibility of marketing actually ends. Additionally, the high degree of buyer-seller interdependence will question to what degree MPM should focus on existing customer relation-

ships and their development instead of acquiring new ones. In order to extend the contemporary research of MPM in the context of B2B service companies and understand the very particular features of B2B service companies that affect MPM applications, empirical findings need to be inductively conducted so as to relate the conceptual framework in the final conclusions of the study.

3.3 The corporate context

According to the study of Minzt and Currim (2013, 32), when explaining the factors that affect the use of assessment metrics, strategic theories, e.g., the resource-based view of a company and contingency theory, are more powerful than the actual decision-maker's perspective. Although prior strategy and marketing research has proposed certain managerial characteristics to impact manager's priorities, abilities and also their way of using information (Lehmann 2004; Rust et al. 2004; Curren, Folkes & Steckel 1992; Perkins & Rao 1990), subsequent research by Minzt and Currim (2013) suggests that the use of metrics is not based on the personal features of a manager, but rather on the cluster of other variables that describe the setting in which the manager and the company operate or basically the corporate context of the company. According to the resource-based theory (e.g. Wernerfelt 1984), firm characteristics account for these differences in resources, motivations, and abilities. These differences can affect information use (March 1991) and hence also the application of marketing performance measurement and assessment. The typology of resource-based theory is why the corporate context surrounding the utilisation of marketing performance measurement is of utmost interest in this current study.

Marketing managers ultimately want to know how to achieve the greatest improvement in performance for the least expenditures. To do so, they need to identify the skills and resources that exert the most leverage on future performance and then selectively allocate their resources to those sources. (Day & Wensley 1988.) Dimensions within this corporate context may be organised in several possible ways, but each method is not equally effective under all conditions (Zeithaml et al. 1988, 39–40). Accordingly, to gain competitive advantage, organisations need to match their task environment contingency factors to their internal organisational design. Thus, they can then implement strategies that exploit their internal strengths by responding to environmental opportunities, while at the same time avoiding internal weaknesses and also neutralising external threats. (Barney 1991, 99.)

The factors within this corporate context can be perceived as the resources of the company. A company's resources could be described as its intangible or tangible assets that are tied semi-permanently to the company (Wernerfelt 1984). In this study, these could

be e.g., in-house knowledge of MPM, employment of skilled personnel, efficient organisational processes, and/or the size of the marketing budget or technology in use. A variety of scholars in marketing have generated lists, models, or other representations to illustrate the factors that are affecting the marketing performance measurement process (e.g. Frösen 2013; Mintz & Currim, 2013; Chaffey & Patron 2012; Morgan et al. 2002). For the purpose of this study, these possible factors have been grouped into four dimensions: Company structure and resources, strategy and goals, organisational culture and social structures, and finally capabilities and technology. Table 3 summarises the existing research with regard to the corporate context factors that can affect application of the marketing performance measurement process.

Table 3 Factors in the corporate context

<i>Factor</i>	<i>Source</i>
<i>Company structure and resources</i>	
Company size	Mintz & Currim 2013 Frösen 2013 Lamberti & Noci 2010 Farley et al. 2008 Ambler et al. 2004 Hoque & James 2000 Barwise & Farley 2004 Vorhies & Morgan 2003 Capon et al. 1996 Barney 1991 Jaworski 1988
Size of marketing budget	Frösen 2013 Chaffey & Patron 2012 Stewart 2009 Barwise & Farley 2004
<i>Strategy and goals</i>	
Marketing goals, competitive means and alignment	Frösen 2013 Lamberti & Noci 2010 Ambler 2003 Said et al. 2003 Morgan et al. 2002 Govindarajan & Gupta 1985 Clark, Abela & Ambler 2006 Ambler 2003 Morgan et al. 2002
<i>Organisational culture and social structures</i>	
Management support	Chaffey & Patron 2012 Chaffey & Patron 2012 Ambler 2003 Morgan et al. 2002
Cross-functionality of departments	Chaffey & Patron 2012 Ambler 2003 Meyer 1994 Foster & Gupta 1994

Therefore, bigger companies with larger marketing budgets are likely to afford more comprehensive measurement systems than smaller companies (Barwise & Farley 2004). However, the study by Mintz and Currim (2013) of more than 400 US managers did not support the hypothesis of greater company size resulting in the employment of more marketing and greater financial metrics than their smaller counterparts.

Larger companies generally have access to a broader array of resources, both externally and internally (Farley et al. 2008, 186). In addition, the company size may have an impact on the use of marketing performance metrics, since bigger companies may utilise the amount and type of their resources available better than smaller companies (Barney 1991) for greater impacts. However, in the research by Farley et al. (2008, 186), no relationship between company size and the use of marketing performance metrics was found for Vietnamese companies. The research of Capon, Farley and Hoenig (1996) stemmed from Farley et al. (2008, 186), explaining that company size had little systematic impact on various measures of company performance, when studying US companies. Studying Australian manufacturing companies, Hoque and James (2000) found that larger companies make greater use of performance measuring, Balanced Scorecard (BSC) to be specific. They also determined that although greater BSC usage is associated with improved performance, this relationship is not significantly dependent on organisation size.

It is also notable, that superior marketing performance can be constituted very differently for different sizes of businesses (Vorhies & Morgan 2003). For a large consumer goods company, the customer value creation logic or the size, length, and frequency of individual transactions, are most probably different from those of a small consultancy, and thus the content of any performance measurement should be different as well (Frösen 2013, 110–111). Moreover, companies in different market positions require different levels and types of information about their market performance, i.e., larger and more complex organisational structures will require more formal forms of control (Jaworski 1988). The complexity of organisational structure may be one explanation for why marketing metric combinations in larger companies, when compared to their smaller counterparts, are even more specific to the context of the company and will vary across different companies (Frösen 2013, 120).

As discussed earlier, the process of marketing measurement is the ability to identify activities that occur today and then link them to their effects that occur at some point in the future. These may be difficult, expensive and require a lot of resources (Stewart 2009; Clark, Abela & Ambler 2006). Therefore, the **size of a marketing budget**, representing the boundaries or extent of that action, is essential from a marketing performance measurement point of view. While marketing budgets are not determined purely by company size, but also by company strategy and goals, larger companies with more extensive marketing budgets are likely to afford more complex measurement systems than will their smaller competitors (Barwise & Farley 2004). Consequently, larger companies with

greater possibilities for economies of scale can also manage the costs related to marketing performance measurement processes better (Frösen 2013, 130). According to Stewart (2009), the size of a marketing budget defines whether marketing is a target of interest for top executives and the Board of Directors. Considering web analytics as part of the marketing performance measurement process, Chaffey and Patron (2012, 32) argued that lack of budget and resources are indeed the two most significant barriers for the most effective use of web analytics. Thus, performance measurement may be considered a lower business priority than other marketing activities.

There are also contrary findings on the ability of a marketing budget to affect MPM utilisation. In the study by O'Sullivan et al. (2009, 856), the mediating effect of a marketing budget between MPM and company performance was not supported. Furthermore, the study proposes that a greater ability to account for marketing does not always lead to a greater allocation of marketing resources. However, the earlier research of Aaker and Jacobson (1994a; 1994b) contradicts this finding by arguing that assets are inclined to be underresourced if they are hard to be measured, which would explain the utilisation of marketing performance measurement to develop the metrics to secure, defend, and grow marketing resources (O'Sullivan et al. 2009; Rust et al. 2004; Srivastava et al. 1998). Hence, the perceived impact of marketing is dependent on the availability of credible and clear measures for the extent that marketing activities do impact company performance (Ambler 2003).

3.3.2 *Strategy and goals*

Strategy and goals are essential for marketing performance measurement, since performance measurement systems and metrics should flow directly from company strategy and the company business model (Ambler 2003, 141) and because appropriate marketing accountability is a key issue when pursuing the strategic objectives of marketing and the entire business (Lamberti & Noci 2010). Many of the critics of marketing performance measurement argue that management and marketing control systems are frequently ineffective for several reasons, including ill-defined objectives or performance measurement standards that are not well linked to actual strategy objectives and content (Morgan et al. 2002, 364).

These impeding factors that are related to company **strategy, goals and alignment** may at least partly explain why organisations hold back when it comes to implementing marketing performance measurement processes although in theory they should have the resources to apply those processes (Clark et al. 2006). It has even been claimed, that companies should ask themselves, "Given our strategy, what are the most important measures of performance?" to use to enhance their competitiveness with positive performance

measurement (Eccles 1991). Accordingly, the themes of leadership, strategy, and measurement can all be seen as key aspects of the same concept, wherein their concerted alignment can prevent confusion of signals (Ambler 2003, 143).

Nevertheless, organising marketing activities in a way that successfully facilitates business strategy implementation is one of the most difficult challenges that faces managers. Consequently, most businesses find it easier to formulate strategies that will outline how their goals are intended to be achieved than how to actually implement them. On the other hand, even researchers and academics know very little about how marketing activities should be organised to enable positive business strategy implementation or how this implementation will affect company performance. (Vorhies & Morgan 2003, 100.)

From a marketing performance measurement point of view, two marketing strategy variables are already highlighted in the literature: Marketing strategy goals (Govindarajan & Gupta, 1985) and the competitive means of marketing for achieving these strategic goals (Morgan et al. 2002). These performance measurement systems need to reflect both marketing strategy goals and the competitive means used for achieving them. In case where the alignment between marketing goals and competitive means and strategy is poor, the company may use wrong measures that can lead to e.g., misallocation of effort and resources, but also even missing activities in the actual measurement. On the other hand, the suitable alignment of marketing goals and corporate strategies has been found to be one of the most prominent drivers of superior marketing measurement and outcome. Goal alignment has also been shown to have a strong and direct positive relationship with organisational learning, which also increases the development of future capabilities for ongoing marketing. (Clark et al. 2006.)

An emerging MPM process depends on the complexity of the strategy and the particular business model. The marketing performance measurement process and its chosen metrics cannot be universal across companies who operate in a different context; rather both should be tailored to the individual business (Ambler 2003, 141). Indeed, there is numerous completed research projects' (e.g., Frösen 2013; Lambert & Noci 2010; Said et al. 2003) explaining that companies pursuing different business or marketing strategies do adopt different marketing performance measurement systems. For instance, a company known as a follower might be interested in competitor information and benchmarking, whereas a market leader may need to remain persistently up to date on changes in the market and customer preferences (Frösen 2013, 110–111). Accordingly, companies that focus on relational marketing will consider marketing as a multifunctional process of interaction with their customers and thus their performance measurement also can be seen as multidimensional and strategic, including both financial and non-financial measures to determine whether its short-term and long-term goals are both met. On the other hand, companies' focusing on transactional marketing will consider marketing as a function and an expense centre, where marketing performance measurement will focus on aggregate

input and output measures instead. (Lamberti & Noci 2010.) Further, the research by Said et al. (2003) argues that the use of non-financial performance measures will be greater in companies that are exploiting innovation- or quality-oriented strategies compared to the focus on other strategy types.

3.3.3 *Organisational culture and social structures*

When studying web analytics, which in most companies will play an important part of any marketing performance measurement, Chaffey and Patron (2012) found that besides lacking sufficient resources and the budget for performance measurement, company culture, any conflict of interest between departments, and a silo effect within organisation were frequently mentioned as barriers to performance measurement. Hence, many of these studied companies arguably did not have a satisfactory performance measurement culture in place, and they needed to utilise performance measurement per their senior management prerequisites. Organisational culture and the social structures of a company play an important role when studying the factors that affect marketing performance measurement, since these factors should include all the elements necessary for a company to operate properly, at least from a marketing performance measurement point of view. These elements include management support, cross-functionality of departments, internal processes and the overall status of marketing.

When studying the problems related to marketing audit processes and related also to the process of marketing performance measurement, Morgan et al. (2002, 365–366) pointed to two problems related to **management support**, that could explain the lack of implementation of marketing performance measurement in companies, namely, gaining management cooperation from within that marketing effort and generating sufficient communication with top managers to ensure enough access and understanding of that information. Any lack of cooperation may, in fact, stem from differences in interests and ambitions. Webster et al. (2005, 35) issued a McKinsey Quarterly article that explained that more than half of the interviewed European CEOs were unimpressed by the analytical skills and business acumen of their marketing people.

Correspondingly, Morgan et al. (2002, 371) argued that senior corporate managers have inadequate knowledge of and enough confidence in the performance of their marketing organisations, a finding that may explain the complications marketing managers experience when seeking sufficient management support of any marketing performance utilisation. If top manager perceptions of the markets their company operates differ from those that their marketing managers have (Ambler 2003, 109), this discrepancy may impede the successful application of efficient MPM.

The lack of understanding of marketing among the senior management and also the inability of marketing managers to facilitate precise marketing knowledge can also impede successful applications of MPM. Alternatively, if senior management understands the concepts of marketing well, arguably they should also support and foster the application of a marketing performance measurement. On the other hand, if the senior management has no previous experience or has only limited understanding of marketing principles, this lack of understanding might hinder the overall application of marketing performance measurement. According to Chaffey and Patron (2012), those marketers who best prove the value of performance measurement, e.g., analytics, are those who can converse effectively with senior managers and understand their problems, and then provide key solutions through more effective performance measurement. Without such facilitation and communication with top executives, the executives will not think to ask their marketers for help. Accordingly, the role of a senior manager in marketing performance measurement is to encourage all marketing managers to be more effective by removing road blocks to clarity and precise understanding, instead of creating new ones (Ambler 2003, 263).

When Ambler (2003, 253) asked mid-level marketers what they considered to be the single largest impediment to better marketing performance, the most frequent response was the difficulty they had in gaining **cross-functional support**. Especially large companies reported there was poor cross-functionality of departments or interdepartmental cooperation that hindered their marketing performance applications. Given the interrelatedness of these factors, this issue may be better explained by the lack of conceptual understanding of marketing, as already mentioned in the pursuit of management support. That issue is discussed more extensively in Chapter 3.3.4. in the discussion on MPM competence.

A conflict of interest between departments or having a silo effect within an organisation can be two barriers to successful marketing performance measurement (Chaffey & Patron 2012), since like in any organisational change, changing the beliefs of the employees can be the most difficult accomplishment (Accardi-Petersen 2011). It has been argued as well, that a cross-functional team must work toward a common goal and be involved in the overall process, which can only be best achieved through communication, cooperation and clarification (Izvercianu & Buciuman 2012, 325). In a case where the performance measures of two collaborative teams, e.g., sales and marketing, are conflicting, then overall marketing performance measurement can also not be anything but contradictory. On the contrary, when a group of people build a measurement system, they also build a team and a common language that helps when they are trying to reach a common goal most effectively (Meyer 1994). Hence, workers should not be responsible only for single tasks, but have shared responsibilities (Griffith & Neely 2009).

The emphasis on cross-functional initiatives and teams for performance measurement already emerged in the 20th century, when e.g., Foster and Gupta (1994) argued that determining performance measures for cross-functional teams is always challenging. According to them, the needed changes in performance measures in many organisations are lagging behind needed changes in the assigned responsibilities of marketing personnel and their cross-functional colleagues. Meyer (1994) further argues that in those companies that have moved to a faster and flatter team-based approach, performance-measurement systems have failed to support new teams and can even undermine their goals. Further still, traditional performance measurement systems often heighten the conflicts between cross-functional teams and the functions that are vexing many organisations. Thus, an ideal measurement system for a cross-functional team that is working toward better marketing performance should help that team to overcome two major obstacles: 1) getting people from different functions on that team to speak a common language and 2) providing expertise to all teams whenever they need it.

Resources alone are not sufficient enough, however, to yield superior performance. Rather, it is a question of the degree to which those resources can be leveraged into valuable outcomes by using them in conjunction with well understood organisational capabilities. (Morgan et al. 2002.) Capabilities can be defined as those **organisational processes** that transform the available resources into valuable outputs (Vorhies & Yarbrough 1998). Powerful marketing performance measurement technologies are profound in any successful applications of MPM. However, their full benefit is attained only if those marketing processes are re-engineered or redesigned “from the ground up” so as to support the new way of operating and take full advantage of all available information tools and processes. (Sheth & Sisodia 1995, 21.)

Considering that internal processes are a part of the social structure of a company, Jeffery (2010) argues that more than 80% of organisations do not use data-driven marketing, because data-driven marketing and marketing measurement can be different for each organisation. The causes of limited understanding and difficulties actually derive from internal processes that do not support the desire culture of measurement. Morgan et al. (2002) support this argument by explaining that the poor processes for performance appraisal and review are one of the major impediments to having effective management and marketing control systems. The need for processes that respond to good measurement is substantial, since the measures themselves are not very useful if the organisation cannot respond and take corrective action whenever necessary or exploit all promising opportunities that may arise in their marketplace (Stewart 2009). Thus, marketing performance measurement is not only about the use of proper metrics when collecting data, but also realising that this data should also be analysed and brought into the process of organisational decision-making (Morgan et al. 2002; Sharma & Achabal 1982). When discussing the internal processes that either support or hinder the applications of MPM, Frösen

(2013, 147) presented a concept for a perceived measurement ability, namely, key processes in which data is analysed, disseminated and finally used in organisational decision-making. According to Frösen, this measurement ability, as utilised through internal processes, may indeed have a stronger impact on marketing performance measurement than the mere use of metrics.

It has been suggested as well that the successful application of marketing performance measurement is contingent on the **status of marketing** within the company (Lamberti & Noci 2010, 149). Accordingly, understanding within a company of what marketing is will influence the marketing performance measurement system that is put in place (O'Sullivan & Butler 2010; Jaworski 1988). As already strongly supported in the former marketing research, especially in the market orientation literature, marketing should be the concern of the whole company, not merely in the department with the title of "Marketing" on it (Accardi-Petersen 2011). In order to respond to the demands of the customer and facilitate movement toward continuous marketing performance measurement, a clear conceptual understanding of marketing and cross-functional support within an organization are needed (Ambler 2003, 253). Despite its crucial role in offering something of value to the market and to society, both marketing and sales seem to have lost much of their clout in many companies. Instead, their peripherals in finance, accounting and IT have stood out as the winners. (Gummesson 2003, 483.)

In the context of business-to-business companies, customer facing operations are typically very sales-driven, which is very natural since marketing developed in the field of sales support in its earliest forms in the 1920s (Webster et al. 2005, 36). Therefore, in some companies, the current status and role of marketing may still be sales-driven, which alternatively affects the application of MPM. Rather than having a clear separation between these two departments, both teams are needed. Moreover, in any successful MPM application, these teams must interact cooperatively in order to reach the performance goals set for the company. In today's changed marketing environment, in fragmented markets, neither marketing nor personal selling alone can serve the B2B target groups correctly. For instance, personal selling is an interactive, but also a rather expensive, medium and thus, it is often reserved for use when the client is close to making a purchase decision. Therefore, marketing needs to conflate several actions in order to influence the decision-maker at every early stage in the decision process most effectively as well as support sales when closing the deal. (Garber & Dotson 2002, 2.)

A study of Möller and Anttila in the late 1980s (1987, 185–186) examined about the state of marketing compared to sales. Good salesmanship occupied a top executive priority and hence received a fair share of executive time while marketing activities were seen as a lower priority with little executive attention and time. They further elaborated, saying that managers' too narrow operative view of marketing as the sales management can constitute a perspective trap wherein changes in the strategic environment, customer needs,

and competitive forces are not monitored properly, as this outcome will deteriorate even the most successful production processes or products. Thus, in addition to the status of marketing, the cross-functional support or interrelatedness of sales and marketing functions appears to be important from the MPM point of view in order to avoid these traps of deterioration.

The status of marketing is a twofold issue from a marketing performance measurement point of view. If marketing practitioners are missing a reliable and valid marketing performance measurement, they will be unable to justify the needs of marketing, the expenditures at the very least, to the top management (Morgan et al. 2002, 371) so the credibility of marketing will be undermined in top executives' perspective (Minzt & Currim 2013, 21–22). To the contrary, the ability to control marketing through marketing performance measurement positively relates to the successful attainment of business performance (O'Sullivan & Abela 2007; Frösen 2013, 19) and ultimately the status of marketing.

3.3.4 *Capabilities and technology*

One of the recently most discussed factor that can either foster or hinder a successful application of the marketing performance management process is knowledge or understanding the nature of marketing performance measurement, often referred as marketing performance measurement capability. For example, Morgan et al. (2002, 371) suggested that the inadequacies in understanding marketing performance assessment system and its implementation are largely responsible for the low state of successful measurement systems. Marketing managers are often themselves incapable of uncovering and confidently supporting cause and effect relationships between marketing inputs, marketing processes, and performance outcomes. Marketing practitioners can indeed be overwhelmed with data, sometimes not knowing how or where to start marketing performance measurement (Jeffery 2010). To combine all the factors related to the ability, knowledge, understanding, and other competencies related to MPM utilisation at all levels of an organisation, this study uses **MPM capabilities** when discussing the impeding/fostering impacts of any factor in question.

Capabilities are based on the coordination and integration of those knowledge, skills, and activities that transpire at various levels in an organisation. Marketing capabilities then are also a combination of human resources or assets, market assets, and the organisational assets of a company. (Möller & Anttila 1987.) These aspects can be categorised e.g., as individual, single-level, specialised, functional, or organisational capabilities (Morgan et al. 2002). In this current study, the (lack of) capabilities within the organisation in its personnel in terms of their experience and knowledge that may foster (hinder) the organisation when utilising MPM are of key interest. Hence, a company's expertise

depends on collecting, analysing, and disseminating data (Frösen 2013) or its qualified specialists (Morgan et al. 2002) with a personal understanding, for instance, of MPM.

Qualified specialists alone cannot foster MPM applications in an organisation. Thus it is of the utmost importance to disperse the marketing competence on different levels across the organisation in order to achieve positive strategic consequences. To the contrary, in the absence of any reinforcement and development of marketing skills across the entire company, the company will be less likely to be able to identify and segment future customers and customer needs and create, communicate and deliver value to them. (Webster et al. 2005, 35–36.) Indeed, it has been argued that besides being an important part of MPM, the systematic gathering, analysis, dissemination, and use of market information within an organisation will define whether or not that company is market oriented (Clark & Ambler 2001). Market orientation, on the other hand, has a positive influence on company performance (Gaur, Vasudevan & Gaur 2011, 1173). Hence it is probable, that when marketing competence or market orientation is widely understood in an organisation, it is easier to develop the cross-functional cooperation and the internal processes necessary for using MPM applications. Moreover, that enhanced ability to account for marketing performance improves company performance and increases the status of marketing at the top executive level. In other words, companies with the ability to measure marketing performance can also utilise that ability for positive performance outcomes at the overall company level. Thus, it is prudent to anticipate the development of measurement competency even when such measurement of marketing performance might be complex. (O’Sullivan et al. 2009, 843.)

O’Sullivan and Butler (2010, 118) studied the link between the ability to measure marketing performance and CEO satisfaction with the marketing function. They argued that marketing performance measurement ability impacts marketing stature as assessed by senior managers. Indeed, the satisfaction of senior management with the marketing function is significantly and positively associated with the ability of that marketing to perform. The study by O’Sullivan and Butler also suggested that understanding “what marketing is” within organisation will influence the measurement system put in place for measuring marketing performance. Further, Jeffery (2010) argued that more than 80% of organisations do not use data-driven marketing or performance measurement because of a limited understanding and difficulties in the internal processes that do not support the measurement culture. Hence when it comes to the interrelatedness of this factor, support from management, the cross-functionality of departments, the status of marketing, and the internal processes are arguably intertwined with the overall MPM capability.

A strong ability to measure marketing performance has a positive impact on company performance (O’Sullivan et al. 2009; O’Sullivan & Abela 2007), although measurement ability or capability is not the same as measurement. Clark, Abela and Ambler (2006, 21)

studied marketing performance measurement capability with the assumption that capability appears before successful practice. As anticipated, MPM capability had a mixed correlation with revenue enhancement, but was strongly associated with organisational learning. While studying performance measurement ability, Frösen (2013, 88–89) noticed, that the mere selection and use of individual metrics explained only 3–11% of the perceived measurement ability. Although the use of several marketing performance metrics is shown to be positively associated with marketing performance measurement ability, the weak explanatory power of metrics suggests that there are other factors that may have a stronger role in defining a company's ability to measure marketing performance. Accordingly, the overall process of measuring marketing performance is more important than the use of any individual metric (Homburg et al. 2012; Ambler et al. 2004).

A marketing performance measurement system can be honed to perfection, while yet lacking enough supporting organisational factors for its successful application as in organisational learning, for instance (Ambler 2003, 269). Organisational learning can be seen as an essential sub-theme of MPM competence, as according to the strategy research, knowledge is a meta-resource, while organisational learning is a meta-capability that enhances and upgrades all other resources and capabilities of a company. At its best, organisational learning can constitute a valuable and inimitable source of competitive advantage for the company. To the contrary, most MPM systems hinder organisational learning considerably by focusing solely on inputs and outputs when monitoring performance using relatively few measures, and not aligning the performance timeframe appropriately to the industry dynamics and its marketing strategy. (Morgan et al. 2002, 371.)

When studying the impeding factors of marketing performance measurement, Ambler (2003, 109) found that **technology** was one of the most mentioned factors. Ambler further describes the issue by arguing that only a few companies have a comprehensive database for all the types of metrics that are needed globally in the new millennium. Jeffery (2010) supports this argument, explaining that the causes of limited understanding and difficulties in MPM derive from an insufficient infrastructure for supporting data-driven marketing and performance metrics. Difficulties in the technical infrastructure may derive from poor technology, poor integration between systems, or a lack of ownership, for instance (Chaffey & Patron 2012).

IT or technical infrastructure cannot be an automatic solution for marketing productivity difficulties, as automating aspects of an otherwise unchanged marketing process leads to marginal improvements at best, but more importantly also to many new and hidden costs. Evidently, the primary processes of marketing need to be addressed first, thereby recognising and appreciating the need for redesign of both processes and technologies. Nevertheless, IT can hinder marketing performance measurement in the short run, as the culture of the organisation is adapting, accepting, and integrating the new technology into its various marketing processes. (Sheth & Sisodia 1995, 21.) Alternatively,

the use of a marketing performance dashboard technology can be seen as an enabler of measurement, driving superior measurement or superior performance outcomes. Surely, given a set of metrics in a dashboard, senior management is more likely to understand the total system for how marketing activities affect company performance. Furthermore, the use of a dashboard is strongly correlated with the ability to measure brand equity and link marketing outputs to financial performance. Other enablers related to the use of a dashboard are management consensus on the marketing metrics in use and an alignment of corporate strategies and the goals that are set for marketing. (Clark et al. 2006, 20–21.)

When starting to implement marketing performance measurement, many companies are piling on more and more measures to encourage employees to work harder. However, solely the long-held view that “what gets measured gets done” and the spurring of multiple measures does not improve company performance. Instead, without giving thought to marketing processes and a jointly agreed, reasonable set of measures, team members may end up spending too much time on collecting data and monitoring their activities, and not enough time actually discussing what to do. (Meyer 1994.) Therefore, companies need an IT platform that uniquely blends their existing marketing competencies with technology in order to gain sustained competitive advantage through MPM. In so doing, new technology-based, non-imitable core competencies are developed, and IT becomes less of a driving force and more of a mandatory infrastructure. (Sheth & Sisodia 1995, 21.) Considering the interrelatedness of technology as either an enabler or an inhibitor of MPM processes, arguably MPM competence and factors related to company strategy, competitive means, and the alignment between all of these are recognised as the aspects that affect how technology can affect MPM application.

3.4 Conceptual framework

The conceptual framework of this current research follows an adapted model of the organisational architecture proposed by Brickley, Smith, and Zimmermann (1995, 25). To simplify the original model, an organization’s external environment or task environment is reclassified into two elements, namely, market dynamics and industry orientation. Market dynamics refers, for instance, to activities of one’s competitors, customers or suppliers. The industry orientation then considers the chosen industry context. In the current study, the chosen industry orientation is companies operating on B2B service markets and hence marketing and selling services to organisational buyers. It is recognised that B2B service companies may operate in a variety of task environments, for instance, that have varying market dynamics. However, based on the prior literature (Lilien 2016; Kotler et al. 2012; Ellis 2011; Cousins & Lawson 2007; Garber & Dotson 2002; Berry 2002; Grönroos 1995; Webster 1978), it can be assumed that to a certain extent they share a similar

industry orientation, which then has an impact on how factors in the corporate context are designed, which in turn influences the design of MPM.

This model builds on the contingency theory approach, wherein it is assumed that the most appropriate way of organising is dependent on the circumstances that surround the company (Ittner & Larcker 2001). The contingency theory focuses specifically on the structural factors of the organisation, its company strategy, and the internal processes that are influenced by the task environment (Burns & Stalker 1961). Therefore, the main focus of the conceptual framework is to examine those factors that affect the application of marketing performance measurement in B2B service companies. Apart from industry orientation, the task environment in this conceptual framework is marked as grey, instead of black, to show the study focus more clearly.

While B2B service companies may offer a different kind of services and operate in a variety of task environments, for instance, those with varying market dynamics, it can be assumed that to some extent they do share a similar industry orientation, which impacts on how the factors in the corporate context are designed, which in turn influences the design of MPM. The mechanisms for why MPM is related to higher levels of company performance are arguably explained with better decision-making through organisational learning (O'Sullivan & Abela 2007; Morgan et al. 2002) and greater attention being given to marketing activities while being measured (Frösen 2013; Jaworski 1988). However, the relationship of MPM and company performance is not the core of this study, hence the fact that MPM leads to better performance is thought of as rather fixed and marked as grey in this conceptual framework.

The earlier MPM research has substantiated, that there is no single best way of organising marketing performance measurement. Therefore, different combinations of metrics can fit different types of companies and business contexts (Frösen 2013). Currently, both marketing practitioners and academics lack a comprehensive understanding of the marketing performance measurement process, but more importantly lack enough knowledge about the factors that affect the MPM process (Morgan et al. 2002, 363). Indeed, academics have been expansively calling for further research of two aspects in MPM: 1) context-specific studies on the factors that affect the use of MPM systems and 2) further knowledge about which specific internal and/or external environmental constructs have a key focus in any MPM implementations (Frösen et al. 2013; Homburg et al. 2012; Morgan et al. 2002; Ittner & Larcker 2001; Hoque & James 2000).

The previous chapters have attempted to describe the possible models for the MPM process and also introduce the key contingencies that conceivably are fostering or impeding the MPM process. These models and the introduction of these key factors, however, do not yet explain the particular features of the studied context of B2B service companies. In other words, the MPM process (RQ1) and the factors possibly affecting MPM process

(RQ2) were covered in the earlier chapters with the help of the existing literature. Nevertheless, there is only limited understanding of the particular features of B2B service companies that affect the MPM process (RQ3). That is why the third research question herein is primarily explored inductively through the use of empirical data.

According to Brickley et al. (1995, 25), companies that operate in the same industry tend to develop similar organisational architectures. While it is acknowledged that the context of B2B service companies is not fully homogenous and these companies may operate in several industries, be influenced by varying market dynamics, as well as offer a range of different services, it can also be assumed that to some extent they do share similar industry orientation. This similar industry orientation then has an impact on how factors in the corporate context are designed, which in turn influences the design of MPM.

Although the primary focus of the preliminary framework is to identify and understand these recurrent factors in the corporate context, the framework consequently seeks to recognise the underlying features of B2B service companies at the industry orientation level. This is achieved by inductively matching and combining the empirical data to the preliminary conceptual framework. The purpose of the preliminary conceptual framework is to provide a starting point for the empirical research within the studied context. The preliminary conceptual framework and the contextual-contingent elements also can possibly affect the application of MPM in the context of B2B service companies as represented in Figure 7 below.

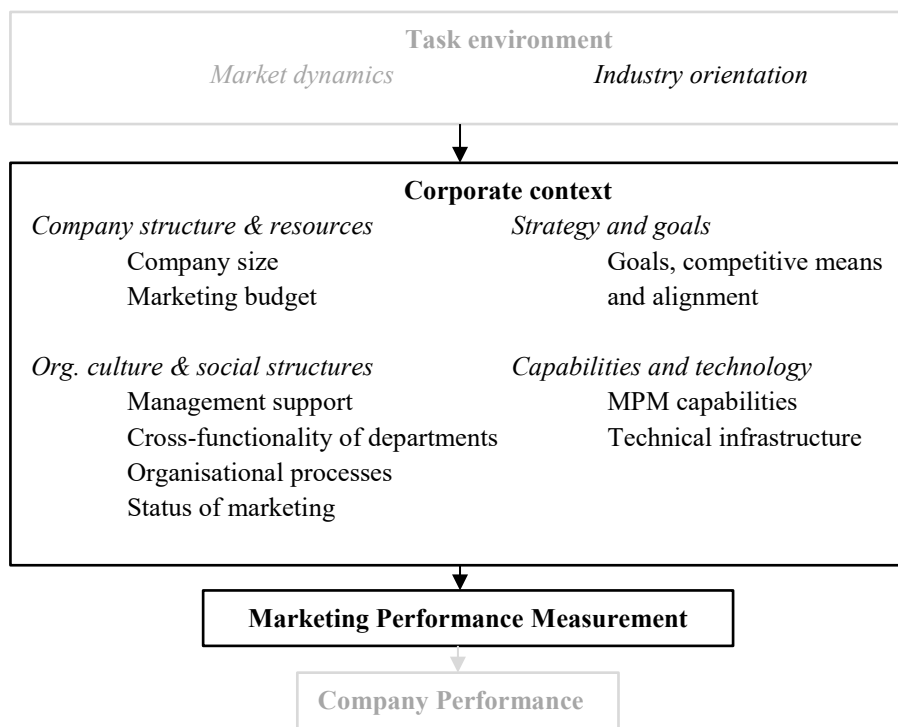


Figure 7 The preliminary conceptual framework

Reflecting on the corporate context and its multiple elements that can affect marketing performance measurement, it is difficult to separate cause and effect. Does the availability of a sufficient technical infrastructure or marketing-driven management enable measurement, or should the initiative be to utilise MPM driven by a business strategy that requires new and better measurable marketing activities? It has been argued, for instance, that company culture (the way things are done) and organisational processes (what is done) are merely enablers, not drivers (Ambler 2003). These factors are interrelated, so probably each factor continually reinforces the other (see e.g. Webster et al. 2005), although the first initiative could be and should be identified.

In industrial marketing, complexity is often the term that is used to summarise the features of B2B markets. According to Webster (1978, 24), the very complexity of marketing is what makes analytical rigor so valuable in this particular context, since modelling can help one to cope with the complexity of the studied subject. Furthermore, Webster argues that in effective industrial marketing models, sufficient complexity is maintained, while insights are derived from simplifying a problem and breaking it into manageable parts. The aim of the presented preliminary conceptual model is to understand which factors in the corporate context and industry orientation affect MPM applications in B2B service companies. Consequently, it is considered whether a conceptual model incorporating factors that both foster and/or impede MPM applications can be developed in the precise context of B2B service companies and serve as a comprehensive contingency framework for guiding MPM implementations successfully in other contexts.

4 METHODOLOGY

This section explains how the empirical material for the study was collected, including an explanation of the research approach, data collection process, data analysis, and assessment of overall quality of the research.

4.1 Research approach and methodology

For companies that operate in B2B markets, it is compulsory to deal with complexity, ambiguity, chaos, uncertainty and fuzzy boundaries. For example, research methodologies in the B2B field have to adapt to this reality. (Gummesson 2003.) Since the utilisation of marketing performance measurement in the context of B2B service companies has received only scarce attention in the preceding academic literature, the aim of this research is to describe the existing MPM phenomenon by examining using a new perspective and then develop a new context-specific theory with the help of a qualitative methodology.

Qualitative research has been acknowledged to be the most appropriate when the purpose of the study is to explore new issues and prior research on the topic is scarce (Gerring 2004). Instead of aiming to confirm existing theories or establishing unambiguous causal relationships between single variables, qualitative research works to understand the context as a systematic whole with its own individual and complex patterns of interactive relationships (Gummesson 2005). This process suits well with the study and the chosen conceptual framework and its own interrelated factors that affect the studied phenomena. In order to define a marketing performance measurement framework in the chosen context while also discovering new factors and aspects that affect that process, this kind of research and the current effort adopts an abductive approach.

Research can be approached in three different ways, namely, deductive, inductive or abductive (Dubois & Gadde 2002; Kovacs & Spens 2005; Eisenhardt & Graebner 2007). In deductive approaches, propositions are developed from current theory and made testable in the real world. Contrary to this focus, inductive approaches generate theory systematically from data, relying on “grounded theory”. (Dubois & Gadde 2002.) The abductive approach stems from the insight that indicates that the greatest advances in research have followed neither pure induction nor deduction approaches (Taylor, Fisher & Dufresne 2002; Kovacs & Spens 2005), but instead a continual cycling between theory and data (Eisenhardt 1989), a so-called “systematic combining” or “theory matching” approaches using abductive reasoning (Dubois & Gadde 2002). The abductive approach is not simply a mixture of deductive and inductive approaches, but rather is distinctive from both inductive and deductive approaches when it comes to the roles of literature and theory as well as the actual research process (Strauss & Corbin 1990; Dubois & Gadde

2002; Kovacs & Spens 2005). In abductive approaches, the central idea is to compare theory and data iteratively (Eisenhardt 1989) and constantly go “back and forth” between empirical observations and theory to discover new things, e.g., other variables and relationships (Dubois & Gadde 2002).

The abductive approach is focused on the particularities of specific situations with the aim of generating new concepts and developing new theoretical models (Dubois & Gadde 2002). Abductive research attempts to generate a theory that closely fits the data (Eisenhardt 1989) by successively modifying the original framework, partially as a consequence of unanticipated empirical findings, but also when new theoretical insights are gained during the research process. As a result, fruitful cross-fertilisation between the established theoretical models and the new concepts acquired from empirical data can be done. (Dubois & Gadde 2002.) The abductive approach works well when re-contextualising an individual phenomenon within a contextual framework and using a new conceptual framework in order to understand something in a new way (Danermark 2002; Kovacs & Spens 2005). Thus, the abductive approach is suitable when the aim is to generate new insights about existing phenomena by examining them from a new perspective (Kovacs & Spens 2005). Marketing performance measurement as a phenomenon has been already studied for decades, but that preceding literature has failed to address the phenomenon from a B2B service market point of view.

The empirical basis of this study relies on the case study methodology. Case studies very commonly use abductive reasoning (Kovacs & Spens 2005). Case studies as a methodology are broadly accepted for theory-building research (Eisenhardt & Graebner 2007), especially in the B2B marketing context (Minett 2002; Gummesson 2003). Case studies are pertinent when the research addresses either a descriptive question (e.g. what is happening) or an explanatory question (e.g. how or why something happened) in unexplored research areas (Eisenhardt 1989; Yin 2012). Theory that builds from case study research is particularly appropriate in two situations: 1) when little is known about the phenomenon or 2) when the current perspectives seem inadequate, either because of little empirical substantiation or conflict with other theories or common sense (Eisenhardt 1989).

In case study research, one or multiple cases are used to draw conclusions about certain phenomena while at the same time recognising the multitude variables, complex interrelations, and ambiguities of business life (Gummesson 2005). The purpose of a case study is typically systemic and holistic to provide a versatile understanding of a network of relationships between a host of events and the related factors (Gummesson 2003). Thus, case study methodology fits the purpose of this current study well.

Case studies provide unique means of developing theory by utilising insights from empirical phenomena and their contexts (Dubois & Gadde 2002) and hence, the method is particularly useful when studying a longitudinal change process (Eisenhardt 1989), such as the MPM implementation process within an organisation. In this study, a multiple

case study is utilised for the purpose of understanding the factors that affect the successful application of MPM in B2B service companies. As mentioned earlier, the abductive approach is appropriate when examining an existing phenomenon from a new perspective (Kovacs & Spens 2005). In the same way, case study research is particularly appropriate when the aim is to provide freshness in terms of the perspective to an already researched topic (Eisenhardt 1989), such as marketing performance measurement, but in a new, scantily researched context.

Given that the prior studies of marketing performance measurement are largely focused on different measures used in marketing on a general level, little is known about the factors that affect the design and use of MPM processes, in particular the business contexts, such as B2B services. Furthermore, there is only scarce understanding of the particular industry dynamics that affect MPM in the B2B service context, since many of the findings and literature of MPM derive from the B2C industry or represent a universal approach.

In order to develop a clear understanding of MPM use in B2B service companies, this research relies on a multiple case study design and uses an abductive theorising approach. Using multiple cases in any research enables comparisons between several cases that clarify whether an emergent finding is simply idiosyncratic to a single case or has been consistently replicated by multiple cases (Eisenhardt 1991). Thus, while single-case studies can describe the existence of a phenomenon in depth, multiple-case studies retain only the relationships that are replicated across most or all of those cases. This focus provides a stronger base for theory building and, therefore, a more robust, generalisable and testable theory (Eisenhardt & Graebner 2007). A prior specification of the constructs assists the shaping of the initial design of theory building research, although it is equally important to recognise that both the research question and the initial constructs are as yet tentative in theory building research (Eisenhardt 1989). There needs to be balance between too much prior structuring and too loose a framework. Too much structuring can blind the researcher to important features or cause misreading of informants' perceptions, but then, too loose a framework may lead to indiscriminate data collection and data overload. (Dubois & Gadde 2002.) Thus, following the guidelines of abductive case study research, this current study was guided by the preliminary research framework and its constructs. However, new themes were also allowed to emerge during the research process.

4.2 Data collection

The sample selection of this study relied on theoretical sampling. In theory, or for purposeful sampling, cases are selected because of their particular suitability to offer maximum information of the studied phenomenon, replicate or extend emergent theory by illuminating and extending the relationships and logic between the constructs (Eisenhardt 1989; Gummesson 2005; Eisenhardt & Graebner, 2007). Contrary to the goal of having random or stratified sampling to test existing theories, the purpose of theoretical sampling is to develop a new theory or revise an already established theory (Eisenhardt & Graebner 2007).

Since case studies cannot be built on statistical inference, but rather must rely on analytical inference, there are very particular demands when it comes to their sampling procedure (Dubois & Gadde 2002). To choose cases that extend the emergent theory on marketing performance measurement in the context of B2B service companies, exploratory interviews of experts preceded the choice of the cases to be studied, the key informants to be interviewed, and formation of the interview guide. More specifically, several exploratory expert interviews were carried out in the earliest stages of the study to improve the researcher's understanding of the phenomenon under study. This process helped formulate the interview guide that was utilised for the study as well as identify the most suitable cases to study and the informants to interview.

Six expert interviews were conducted, predominantly without any structured format, to discuss the themes that related to understanding of marketing performance measurement in the particular context of the B2B service business, including its meaning, realisation and processes, as well as the fostering and hindering factors of such implementation. The expert interviewees were chosen based on their knowledge and primary orientation in B2B business, as well as their experience in working with B2B companies that were involved in marketing performance measurement. The conducted expert interviews are listed in Table 4 below.

Table 4 Expert interviews, sorted by date of the interview

<i>Interviewee</i>	<i>Field</i>	<i>Date of the interview</i>	<i>Duration</i>
Digital Analytics Consultant	B2B and B2C	12.1.2018	48 min
Data Analyst Consultant	B2B and B2C	18.1.2018	29 min
Content Analytics Consultant	B2B	18.1.2018	63 min
Head of Analytics	B2B and B2C	26.1.2018	54 min
Senior Communications Manager	B2B	26.1.2018	40 min
Growth Strategist	B2B	1.2.2018	53 min

As for the sample selection of these key informants, the objective was to identify companies that operate in the B2B service field with at least moderate experience with MPM implementation. Case companies were selected from different sub-industries or markets

to control for environmental variation. Further, the selection of companies of different sizes allowed to constrain the variation of size differences between the companies. The preliminary interviews with experts led to the selection of 10 case companies as representative cases of B2B service providers with at least some experience in MPM. A total of 12 key informants were interviewed. According to Eisenhardt (1989), in theory-building research, 4–10 cases typically work well for generating theory. More than 10 cases enlarge the complexity and volume of data, which can be difficult to cope with, while fewer than 4 cases tends to make empirical grounding of the research unconvincing.

Interviews are a highly effective way to gather rich empirical data, especially when the studied phenomenon is highly episodic and infrequent (Eisenhardt & Graebner 2007). There are three types of interviews that are generally identified, namely, structured interviews, semi-structured interviews and unstructured interviews. Semi-structured interviews represent a compromise between the structured and the unstructured formats. (Lee 1999.) Since it has been argued that the use of marketing and financial metrics is greater in B2C vs. B2B and goods- vs. service-focused companies (Minzt & Currim 2013), it can be easily reasoned that the application of marketing performance measurement processes in B2B service companies is rather infrequent. Thus, semi-structured interviews were seen as an adequate choice considering the contextuality and complexity of the topic, the exploratory nature of the study, and the diversity of the terminology the informants might use.

The semi-structured interviews typically have an overarching topic, general themes and specific questions; however, the interviewer is able to pursue matters as circumstances dictate, e.g., entering with a predetermined schedule, pursuing freely emergent topics, but asking probing questions more deeply than initially planned, hence balancing effectively between free-flowing and directed conversation (Lee 1999). Flexible questioning within the confines of an interview guide can help address ambiguities and clarify meanings (Webster et al. 2005). Furthermore, it was anticipated that using a semi-structured approach when interviewing would reveal unexpected relationships. Besides the ability of interviews to collect richer and more extensive empirical data compared to surveys, the flexible format of open-ended or non-structured interviews also can reveal how case study informants construct their reality and think about different situations (Yin 2012).

To mitigate the challenges of possible bias from interviewees' sense-making and impression management (Eisenhardt & Graebner 2007), numerous and highly knowledgeable key informants were selected in this instance. The informants were guaranteed anonymity for themselves as well as the companies they represented, and were promised first introduction to the results as an additional incentive to participate in the study. This study relies on the data gathered through semi-structured interviews between April 23, 2018,

and May 3, 2018. The interviews were all conducted following standard case study procedures (Yin 2012). In total, 11 semi-structured interviews with 12 different marketing and sales decision-makers from the selected 10 case companies that were operating in different industries were conducted. Table 5 presents the details of the chosen cases and their key informants, as sorted by their MPM experience. This MPM experience here is defined as the time (in years) the case company has had an MPM process that links marketing performance to business performance.

All of the interviews were conducted face to face and one of the interviews as a collective interview due to time constraints. The interviewing language was Finnish and the duration of the interviews ranged between 53 and 103 minutes. Notes were taken during the interviews and all the conducted interviews were recorded and consequently transcribed, resulting in total empirical collected data of more 135 pages (based on font size 12 and single-spaced formatting).

Table 5 Key informant interviews, sorted by MPM experience

<i>Industry</i>	<i>Size of the company</i>	<i>Marketing budget</i>	<i>MPM experience</i>	<i>Interviewee(s)</i>	<i>Date of the interview</i>	<i>Duration</i>	<i>Case name</i>
ICT services	Employees: 660	6–11 %	4 years	Marketing Director	3.5.2018	1h 05 min	Case ICT
	Revenue: 230 m. €			Sales Director	3.5.2018	54 min	
Energy services	Employees: 500	0–5 %	4 years	B2B Marketing Manager	26.4.2018	1h 1min	Case NRG
Manufacturing services	Employees: 25	0–5%	4 years	VP, Marketing	27.4.2018	1h 15 min	Case MFG
	Revenue: 24 m. €						
IT services	Employees: 1600	6–11%	3,5 years	Head of Marketing	3.5.2018	1h 05 min (collective interview)	Case IT
	Revenue: 100 m. €			Marketing Manager			
Computer software services	Employees: 80	> 18%	3 years	Head of Marketing	23.4.2018	1h 18min	Case SW1
Engineering and project management services	Employees: 800	0–5%	2 years	Head of Marketing	24.4.2018	1h 42 min	Case ENG
	Revenue: 100 m. €						
Computer software services	Employees: 540	6–11 %	2 years	B2B Digital Marketing Manager	23.4.2018	53min	Case SW2

	Revenue: 136 m. €						
Digital consulting and IT services	Employees: 390 Revenue: 37 m. €	0–5 %	2 years	Sales and Marketing Manager	27.4.2018	1h 20min	Case CSLTG
BPO services and computer software	Employees: 400 Revenue: 40 m. €	0–5 %	1 year	Marketing Manager	23.4.2018	1h 25min	Case BPO
Consulting and training services	Employees: 60 Revenue: 7,5 m. €	0–5 %	< 1 year	Marketing Manager	24.4.2018	1h 1min	Case TRNG

These semi-structured interviews were structured by various themes that were derived from the preliminary conceptual framework offered in Chapter 3.4. The themes were categorised as following: 1) MPM in a case company: What does the process mean and how is the process like? 2) B2B service market as the context of MPM: What are the particular features of B2B service business that affect the process, and how and why do they affect the MPM process? 3) Corporate context and MPM: What organisational factors affect the MPM application process, how and why do they foster/hinder the MPM implementation?

All themes contained initial questions derived from the prior literature, but the interviews did not follow these in detail, because of the semi-structured nature of the interviews. Rather than accompanying the preliminary framework and themes strictly, the interviews started with unstructured general questions and then freely progressed to more detailed questions on the theme in question. Thus, the open-ended questions were followed by more specific, in-depth questions so as to understand the interviewee's perspective about the multifaceted and complex nature of the phenomenon. This method of semi-structured interviewing has been also referred to as convergent, or in-depth, interviewing (Carson, Gilmore, Perry & Gronhaug 2001). While these interviews followed a semi-structured form that permitted the interviewees to explain the phenomenon as per their own understanding, the context of the B2B services was probed consistently for deeper answers and meanings. The operationalisation table (see Appendix 2) and the interview guide (see Appendix 3) and their themes offer the clear detail.

4.3 Data analysis

In essence, data analysis in qualitative research is about detection using the tasks of defining, categorising, theorising, explaining, exploring, and mapping (Ritchie & Spencer 2002). The purpose of data analysis is to identify and examine patterns and themes for

precise interpretation. For the data analysis in this study, a thematic analysis method (Aranson 1995; Lee 1999) was deemed the most adequate choice. In thematic analysis, careful reading and re-reading of empirical data is done to discover the emerging themes that are essential to analyse the studied phenomenon. A theme can be explained as a pattern of information that describes and organises the empirical observations and then interprets certain key aspects of the phenomenon. (Fereday & Muir-Cochrane 2006.)

The data analysis of the study started with examining the data to familiarise one with the full set of data. After identifying the scope and width of the empirical data of the study, it was analysed using the thematic analysis method according to the predetermined themes, as derived from the research questions and the preliminary conceptual framework. By so doing, the analysis was systematically drawn to be parallel to previous literature, while still allowing novel knowledge the freedom to emerge.

Research should not remain a flat circle, but instead be a spiral where the interpretation and re-interpretation of data are performed in a never-ending trial-and-error process (Gummesson 2003). Rather than being a linear step-by-step procedure, the data analysis in this study was an iterative process wherein the empirical findings were cross-fertilised with the existing theory to develop a better understanding of the studied phenomenon. The data was carefully, constructively, and critically conceptualised and compared to the extant theory, so that any speculation and bias that was based on the researcher's subjective assumptions and interpretations could be avoided.

4.4 Evaluation of the study

A qualitative study can be evaluated accurately if the procedures used are sufficiently explicit, so readers of the research can assess their appropriateness (Strauss & Corbin 1990). Accordingly, this study's conceptualisations, measurement processes, and interpretations were chosen systematically and carefully (Lee 1999) as well as made appropriate for the study and also representative of the studied phenomena (Strauss & Corbin 1990). The concepts of reliability and validity are widely accepted as critical to the evaluation of organisational research (Schwab 1980). These concepts are exploited in the evaluation of this study by using Yin's (2012) four standards of construct validity, internal validity, external validity, and reliability.

Construct validity is used to evaluate whether a measurement actually measures what the research claims it does and not something else (Yin 2012). There are three tactics available to assess construct validity. First, multiple sources of evidence are accessed to capitalise on a source's unique strengths and compensate for its weaknesses (Lee 1999). In this current study, two different groups of interviews were completed: One set of exploratory interviews of B2B marketing industry experts preceded the development of key

informant interviewee selection, interview structure and schedule so as to choose those cases that extended the emergent theory on MPM in the context of B2B service companies. Further, the expert interviews improved the researcher's understanding of the phenomenon under study, which helped the researcher realise the meaning, realisation, and processes of MPM as well as the fostering and hindering factors of the MPM application in the particular context of B2B service businesses.

The second set of interviews of key informants in the B2B service case companies were the primary data set of the empirical research. Using two set of interviews as well as multiple informants in both interview sets produced better construct validity, since multiple sources of information can converge and diverge as predicted by the relevant theory (Lee 1999). Furthermore, relying on multiple key informants minimised the occurrence of subjective biases and, therefore, further enhanced the validity of the study.

The second suggested tactic for evaluating construct validity is to establish a "chain of evidence", which means that the obtained data should result from a sequential process that follows a clear and compelling logic, e.g., a preliminary theory (Yin 2012). So, a reader of the case study research should be able to reconstruct and anticipate its sequential logic, and the clearer and more compelling the logic, the stronger its argument for construct validity (Lee 1999). This current study follows the scientific canons or research standards of abductive case study research, wherein a preliminary framework is formulated based on the preceding research on the phenomenon, which then can be enriched and developed using empirical findings. A clear chain of evidence was maintained and the chosen interpretations in this study have been explicitly articulated by building links to established theory for both reconstruction and anticipation. The third and final tactic to achieve construct validity is having key informants of the study review the case study report to ensure its veracity and clarity (Yin 2012). Owing to time constraints in this case, the key informants were offered an opportunity to review their interview transcripts, quotes and their translations instead of assessing the emerging findings. Nevertheless, to support the interpretations and establish a clear chain of evidence, a set of direct quotations from the key informants were presented that related to the empirical findings.

Internal validity refers to answers such questions as "do the findings of the study make sense" or "are they credible to the people we study and to our readers" (Miles & Huberman 1994), that aim to reduce the potential for alternative explanations to the researcher's claim of causation (Lee 1999). Here again, Yin (2012) recommends three alternative tactics to use for evaluating internal validity: Pattern matching, explanation building, and time series design. Of all of these, pattern matching was employed to enhance the internal validity of the study. In pattern matching, a series of theoretically or conceptually relevant predictions are generated. Then empirical data is collected to test those predictions. The evidence of internal validity can be inferred from the pattern of agreement between predicted and empirical outcomes. (Lee 1999.) In this current study,

a preliminary theoretical framework including the factors that are affecting MPM process was formulated based on the prior literature. This framework was then developed and revised based on the empirical findings. The interpretations of the theoretical background and the empirical findings and their interplay were carefully and meaningfully described in order to enhance the overall internal validity.

External validity studies the transferability and generalisability of a study to other contexts as well as the larger import of that study's conclusions (Miles & Huberman 1994). Yin (2012) recommends a single tactic to document the generalisability of findings from a particular case study. That case needs to be replicated in another situation along with conducting more independent cases. Because of time constraints, the research setting here could not be replicated with an alternative situation, but the multiple case study research setting itself enhanced the external validity relatively well. The primary data source of 10 case companies having a total of 12 key informants worked well in generating theory in this theory-building research (Eisenhardt 1989), since the multiple cases showed similar results and offered corroboration to the underlying theory and consequently provided evidence of external validity between the cases (Lee 1999). To further enhance the external validity of this study, the characteristics of case companies were reasonably described to permit adequate comparisons with other samples. Further, the sampling of case companies included diverse companies that operate in B2B service markets so as to encourage broader applicability. Finally, the findings of the study are congruent with and connected to prior MPM theory, which thereby improves the external validity of the study overall. (Miles & Hubermann 1994.)

Reliability of the study is considering whether the process of a study is consistent, reasonably stable over time and across researchers and methods (Miles & Hubermann 1994). To determine whether case study procedures can be repeated, Yin (2012) suggests two tactics, namely, writing a thorough case protocol and creating a case study database. The case protocol is a set of specific procedures and general principles that is laid out for the study and specifies, e.g., an overview of the study's objectives and the case study questions (Lee 1999). The procedures and research principles used in this current study have been described in detail in order to transparently explain the research process and the data collection. The case study database then arrays the physical data in such a manner that it lends itself to external inspection and re-analysis (Lee 1999). In addition to carefully describing the methodological underpinnings and decisions of the study for enhancing the reliability of the study, the empirical findings of the study are scrutinised for the research questions and the preliminary framework in order to serve as a detailed specification of the inferences about the repeatability of the study. To further facilitate the reliability of the study, it was reviewed by the peer students and the supervisor at several stages of the study.

5 MARKETING PERFORMANCE MEASUREMENT (MPM) IN B2B SERVICE COMPANIES

The findings of the study will be presented in the following order. First, MPM practices in the case companies are discussed, e.g., what is the MPM process like and who takes part in the process. Secondly, the factors that affect the MPM applications in B2B service organisations are examined following the preliminary framework's conceptualisation of the task environment and the corporate context. In addition to explaining the factors that affect the application of MPM in B2B service companies, possible initiators of MPM implementation practices are introduced.

5.1 MPM practices in B2B service companies

Many of the B2B service companies reported having measured marketing performance at some level already earlier, nevertheless, there is a focus on campaign specific or separate measures: clicks, impressions, visitors or the reach of a marketing activity, for instance. These measures were then often compared to other similar or earlier campaigns. Furthermore, marketing campaigns were seen as rather separate actions on their own rather than as activities that build the bigger strategic picture of the company. Hence, the focus traditionally on marketing performance measurement has been on the internal activities of marketing and their measures. These marketing specific measures are not readily aligned with company level KPI's, such as revenue generation or overall company performance, which for sales oriented B2B business are of the utmost importance.

Marketing performance is very often evaluated based on campaigns. But what has changed in the recent years is that the measurement of marketing performance is aligned with business goals, so that the whole funnel is more clear. (Head of Marketing, Case IT)

We've already for decades examined the incoming leads for single campaigns, observed them quite attentively for ages, but now it's perhaps broadened from measuring merely the inbound or campaign generated leads to cover also the earlier stages of buyer's journey. So it's been very campaign specific earlier on but now it's measured more widely. (Marketing Manager, Case BPO)

Marketing performance measurement, when perceived as an integrated part of B2B marketing and sales, ensures that organisational performance or revenue targets are achieved,

has been utilised, but for only for 1–4 years in the studied B2B service companies. As with any other organisational change, the transition from campaign-based performance measurement to more business integrated and strategic measurement applications takes time. All the studied companies reported that they are still in the process of developing MPM, as the utilisation of MPM is tied into many organisational strategies, tactics, and courses of action, especially regarding integrating marketing, sales and management.

If considering the whole funnel or customer journey, we've measured that approximately for two years. Before that we've had the sort of sales measures and then again the so called traditional marketing measures, clicks and impressions. But the whole funnel we've measured for 2 years. (Head of Marketing, Case ENG)

When I for example joined the company, the most important measure could've been online visitors, and volume and growth was sought through that, so the more traffic we would get to our online premises the better. This is not really how it always is, because the traffic itself, is it the correct kind of traffic etc? Now we've gone more to a direction where it is more targeted and considered who we want to visit our site, and also sales team is benefiting from it. I'd say that during the latest year, our online visitor traffic has actually declined, but the amount of sales qualified leads and leads in general has improved, thus the conversion rate is considerably better. Moreover, we've used less money to reach them. (B2B Digital Marketing Manager, Case SW2)

When MPM is exploited appropriately and the performance targets are aligned with the company's strategic performance targets, it is also easier to verify the accountability of marketing. The informants in these B2B service companies saw the interrelationship of company performance and marketing accountability as very important. With the help of MPM, marketing actions and management are driven correctly, but also business performance goals are attained.

Marketing is controlling and managing company's revenue streams; thus the performance of marketing is managed the same way as the performance of business is managed. When having both revenue and expenses, one needs to get the most out of the limited resources, but also understand how marketing can be leveraged in order to increase the revenue of the whole business. It's not guessing and having beautiful pictures, but proper business. (Marketing Director, Case ICT)

Well from a practical point of view, the measurement provides priorities to the job and guidance on where to focus. Ideally the measured actions are directly showing you the most important things to focus on and especially from a business performance point of view. (Marketing Manager, Case BPO)

The MPM process utilised in B2B service companies seems not to have a one universal model or a single process. Although the informants did not name using any well-known theoretical customer model (e.g. RACE, REAN, AIDA), they all explained they have some sort of mutual understanding of the hierarchy of effects on their marketing and sales actions as a base of their performance measurement. Although many of the known models are based on the same understanding of customers' moving in phases in a funnel or customer's journey from the stage of awareness to consideration and finally negotiation and the decision stage, the actually applied MPM model seemed to be unique to the case company. Furthermore, the MPM processes in B2B service companies differed from those suggested in the prior research (e.g. Morgan et al. 2002). The utilised processes were more customer-centric and following buyer's journey, instead of simply explaining the process of how certain marketing activities translate into financial performance.

Moreover, it appears that only a fraction of B2B service companies referred to having a consistent measurement system with different variables and their relationships, and most of them also explained their MPM processes merely to include several measures in each stage of the customer journey, when actual marketing or sales actions are undertaken. Hence, based on the findings, there seems not to be one mutual model or process that every B2B service company is using, but rather, they all had their own unique views of the buyer's journey that affects the implementations of MPM. Furthermore, as the performance measurement in B2B service companies are bound to their sales operations, the processes are naturally more practical and action-oriented than those suggested in the existing academic theories.

Several channels, conversion points, and what happens then are considered, also comparing the performance and usefulness of the different channels. We've tried to consider it, well, from the so-called funnel through which the customers are coming to us. (Head of Marketing, Case IT)

The purpose of marketing is to see the customer journey as an entity, as a stream rather than a funnel... A new customer with its needs is as important as an existing one, and the potential for additional sales needs to

be investigated through a customer dialogue. (Marketing Director, Case ICT)

What is common between these case companies in their MPM applications is that each see the importance of measuring both brand- or strategic level and more of the tactical activities as well as measuring both the long-term and short-term influences of marketing. Although the importance of brand development measurement is acknowledged, the MPM implementations have started with an emphasis on a more tactical-level measurement process that combined marketing and sales activities.

The most important job of our marketing is to make the cold sales call a bit warmer to the sales team. Of course brand-related things, recognition and such, are also connected to that, but for me and in our marketing, recognising and nurturing the leads is always number one priority. We want to see how many leads that marketing can get into the funnel and what is the conversion rate from leads to opportunities and furthermore to won opportunities. (Head of Marketing, Case ENG)

The main goal is normally to generate pipeline and then there might be smaller steps in between, so called soft conversions. But then again, I see that accessibility and coverage in general are in the background. Not necessarily, it is always an opportune moment, when doing it, e.g., online marketing that would pay off immediately, but rather than it can have a supportive role in the background. (B2B Digital Marketing Manager, Case SW2)

When measuring performance on a tactical level, the marketing activities are very much targeted at generating more sales. This is because an integrated MPM process is combining the targets of sales and marketing. In practice, this is done with lead generation, nurturing, supporting on-going sales negotiations, and developing customer lifetime value after the customer relationship has started, for instance. Thus, the MPM process in B2B service companies, especially on the tactical level, is not merely about the marketing funnel, but also about the sales funnel. Moreover, the B2B service companies are aiming to have one MPM model that is comprising both marketing and sales activities. Some include also customer relationship management in their MPM, using customer-based performance measures, such as a share of wallet, retention rate, and the lifetime value of the existing customer relationships.

First of all, there are leads, lead generation, and their nurturing. Leads have been the kind of easy first boost, but we've also defined the measurement and KPI's, KPI's have been defined at all stages of the buyer's journey. So we've defined on a Nordic level that we have awareness, explore and engage stages in the buying process, and they all have their individual KPI's. (Marketing Manager, Case BPO)

At the moment we can say, for example, which channels are bringing the traffic and things like that, but to be able to follow a lead coming to us through inbound, I wish we could get to a position where we can track that also in CRM, through using the whole sales funnel. (Marketing Manager, Case TRNG)

Being in a contractual business means that the contract eventually will have an end date, and then there's always a possibility for the contract to continue or for the customer to go over to a competitor. So in that sense the funnel is never-ending. (Marketing Director, Case ICT)

When measuring marketing performance on a strategic level, B2B service companies consider measures that are related to a brand important, although their measurement is not that straightforward compared to the tactical performance measurement. Some of the informants, e.g., VP of Marketing in Case MFG, explained that measuring brand performance is currently a painful point in their MPM process, since they cannot measure it as straightforwardly as they would want. Consequently, the existence of practices in MPM regarding brand differed within the case companies more than at the tactical marketing level. The ones that are currently measuring brand development use measures such as brand recognition, top of mind, brand reflection, as for instance, when evaluating whether marketing can ensure the competitiveness of the company in the long term. Customer experience, customer satisfaction, or net promoter score (NPS) are also used. The ones currently measuring brand and customer experience measures note that in these kinds of measures, marketing performance measurement is a holistic tool that comprises the whole organisation, since marketing cannot be the single department responsible for the execution of successful customer experience. Rather success is the responsibility of the whole organisation.

Performance in B2B starts from the fact that we're getting the critical mass to trust on our experience and it takes time. Of course one can do marketing with tactical product marketing or price offerings, but if you want to do profitable business and to be a compelling and trustworthy partner, not

just competing with a last-minute cheap price, it requires a lot of work. Performance is then a lot more than just conversions, leads, and RFP's. That's why I see it's important that we have two levels in our performance measurement: the brand and the tactical one. (Marketing Director, Case ICT)

The measures of how well known our brand is or whether the recognition of our brand has improved or not, it is completely a black hole in this business and the operative model... Or at least I haven't figured out how that could be measured. Then, it is a must to consider the indirect measures taken on them. (VP of Marketing, Case MFG)

Considering that the successful application of the MPM process in B2B service companies includes several specialists, both in marketing and in other departments of the company, the case companies likewise reported several stakeholders who were taking part in MPM processes. Although the responsibility of marketing performance measurement is held in marketing, particularly sales and management are important stakeholders in MPM applications. A minority of the case companies reported that also other important stakeholders affected MPM implementations, i.e., a company's IT organisation, communications, external marketing agencies or product management, so as to support them in successful MPM applications.

The responsibility is mainly held in marketing, but I see that especially in B2B business, the sales team is also playing a very big role. The boundaries of sales and marketing are blurring, so the people responsible for developing sales processes have a significant role in order for us to be able to change the ways of doing on the sales team. (Marketing Manager, Case BPO)

Marketing, analytics, sales, also management more or less when considering bigger, longer cycles. Product management and pricing also are in the process when we're considering the fields regarding them. I'd say that pretty widely the whole organisation is taking part, but the manager-level people in sales and marketing are the ones that are systematically driving MPM forward. (B2B Marketing Manager, Case NRG)

The case companies were asked whether their applied MPM process is documented, since such documentation indicates at some level both the formality and the maturity of the MPM process. All interviewed B2B service companies reported so as to either already

document the process and its interrelated terminology, measures and responsibilities or their intention to report on both, as their MPM processes become more mature. Nevertheless, differences in the intended level of documentation were still found between the cases. Some of the companies have documented the whole process as precisely as they could, whereas others are still in the process of developing the organisation of their MPM documentation and the actions that they plan to measure. Based on the findings on MPM documentation, the B2B service companies have differences in their levels of both the formality and the maturity of the MPM processes.

We actually have documented the so-called data driven marketing, we're describing how the processes are measured, but on the other hand, when analysing campaigns, we're documenting all the insights very accurately or even dead boringly. This is because we've noticed that the more you repeat the same actions with the same scheme, the better you can make the most out of the learning process and what are the correct actions. (B2B Marketing Manager, Case NRG)

We have... documenting is a rather strong word for that, because for instance, our sales process is much more detailed and specified compared to the marketing process. But yes, we've described the steps and most important measures of MPM, and also buyer persona definitions and the related customer journeys and steps, not very specifically, but anyway. In my opinion, execution is the key thing and of course also the key measures. (Head of Marketing, Case ENG)

To summarise the findings of the MPM practices in B2B service companies, it is of the utmost importance for the B2B marketers to show the accountability of marketing toward sales and overall company performance. This is done by measuring the relevant marketing and sales activities within the buyer's journey all the way from attracting and reaching the customer for the first time to closing the deal and until the end of the customer relationship. B2B service companies emphasise all action-based measures on a tactical level of marketing and sales funnel in their MPM; yet, brand measures are acknowledged as being important for the long-term performance of the company. While case companies have already utilised MPM for decades by measuring merely marketing's internal performance, the more integrated view of MPM as comprising all the activities and customer-facing departments' participating in the attraction and converting, closing and retaining the customer relationship has been applied only for a couple of years and is now and on-going, iterative project following the development of the company, its industry, and the market.

5.2 Factors that affect the MPM process

5.2.1 Initiators of MPM

When asked about the fostering or enabling factors of MPM in B2B service companies, many informants explained their history and their first attempts at performance measurement. More specifically, the factors that may have produced the first initiative to utilise MPM were identified and explained by the informants. The most mentioned initiator was the different changes in market mega-trends, e.g., digitalisation and technological improvements that have prompted marketers to apply more digital activities in their marketing and thus enhanced the possibilities for MPM. Also changes in market conditions and personnel were widely mentioned. Table 6 summarises all the reported initiators of MPM utilisation in the studied B2B service companies and their reporters.

Table 6 Initiators of MPM utilisation in B2B service companies

<i>Initiator</i>	<i>Source</i>
Changes in mega-trends	Marketing Director, Case ICT Sales Director, Case ICT Head of Marketing, Case IT Marketing Manager, Case IT Marketing Manager, Case TRNG B2B Marketing Manager, Case NRG VP of Marketing, Case MFG Head of Marketing, Case SW1
Changes in market conditions	Marketing Director, Case ICT VP of Marketing, Case MFG B2B Marketing Manager, Case NRG Head of Marketing, Case ENG Sales and Marketing Manager, Case CSLTG
Changes in personnel	B2B Marketing Manager, Case NRG Head of Marketing, Case SW1 B2B Digital Marketing Manager, Case SW2 Marketing Manager, Case BPO Marketing Manager, Case TRNG

B2B service companies have increasingly started to implement MPM processes, when they have noticed a change in their external environment. Digitalisation and technological improvements, for instance, change the way that marketing activities are executed and measured. The change in corporate buying behaviour, on the other hand, urges B2B marketers to optimise their marketing efforts and thus measure their performance in order to develop their competitiveness, since B2B buyers in the era of digitalisation now have more information available than ever before. Hence, these changes in market mega-trends, in the company's external environment forces B2B service companies to organise themselves differently. With the help of marketing performance measurement, marketers

can evaluate whether the current marketing activities work or not, as well as seeing more rapidly whether any corrective actions are needed.

If considering all the digital marketing that's done nowadays, today it's much easier to measure its performance than before. It's not anymore guessing whether someone saw our advertising, for we have precise data on how much it has been clicked on and where have they gone after the ad and who has done what. The development of technology has enabled both performance measurement and actual verification. (Marketing Director, Case ICT)

In my opinion, the need for MPM has emerged perhaps from the fact that we've noticed that basically our customers' buying behaviour has started to change. We've experienced the kind of traditional B2B company issues, where, e.g., cold sales calls are not as efficient as they have been. The need to change comes largely from the field via customers. (Marketing Manager, Case TRNG)

The same way as digitalisation and technological improvements have brought new ways of doing marketing, these new digital marketing activities and changes in megatrends have driven change in B2B service companies' marketing strategies and their internal marketing philosophy, namely, how marketing and its role in the organisation are seen. Consequently, these digital marketing possibilities have changed the range of marketing activities that are utilised and measured in B2B service companies.

A couple of years ago, we changed our marketing strategy radically. We ended traditional marketing and transferred to content-based marketing. (Marketing Director, Case ICT)

If considering the change that already happened in the field years ago before there have been talks about inbound marketing, there were talks of the 'content is king' kind of thinking and such and marketing automation had landed to Finland, so there were these kind of stories already. But people were talking more and more about customer wishes: Not having sales meetings without providing value, needing to provide valuable content, salespersons needing to know more than before and so on. So moving from product sales to solution sales and value creation to customer and through that change, also marketing changed. (Head of Marketing, Case IT)

In addition to the mega-trends that have been shaping markets and consequently the ways of doing marketing and measuring its performance, MPM initiatives have risen in companies because of changes in market conditions. A tightened market situation, a smaller share of wallet or sparse resources, for instance, have led B2B service companies to utilise MPM in order to better understand how these scarce resources are best used and whether marketing investments do usher in an actual return for the investment.

We have always known that we are a small player and our competitors are world-class brands, so we cannot play the game with the same means. We have relatively small resources, considering the fact that our market is the whole world, so we've had to find those means that make us reachable and achievable for our target groups in the best way possible. So we need to be somehow different in order to be an attractive and interesting partner. (VP of Marketing, Case MFG)

When you're smaller than your competitors, you need to be more creative, more agile and do things differently. (Marketing Director, Case ICT)

Changes in personnel, either at the executive, manager or employee level, has arguably also affected why and how MPM utilisations have been initially started at B2B service companies. New employees with their unique experiences and viewpoints have changed the way marketing is seen at the organisation or caused the focus in marketing to be more service- and customer-driven. This change in the focus has fostered the first initiatives related to key MPM implications.

Our CEO changed a couple of years ago. I think that partly fostered the fact for why the status of marketing was raised or it has affected that. In my opinion our company has clearly wanted to boost marketing to be a more central role in decision making and strategy creation after that. (B2B Digital Marketing Manager, Case SW2)

My supervisor is coming from the B2C side and has worked there in a marketing position before joining us. He told me that he cannot understand how on the B2B side things are somehow lagging behind and the role of marketing is what it is. He was recruiting me and has for one thing cleared the way for marketing to have a different role. Perhaps the thing is that even individuals, when being in a certain position and having experience, they can affect a lot, and as I said, sometimes it might require that new

people come in with their new experiences and so on. (Marketing Manager, Case TRNG)

B2B business is traditionally very sales-driven, where relationships are created and developed in the field, which is why the role of marketing in practice is somehow always left in the shade. The findings of these studied B2B service companies imply that changes in the marketplace, either digitalisation or other mega-trends that are shaking markets globally or a tightened market situation in the markets, have urged B2B service companies to re-organise and re-strategise their marketing tactics and begin their first attempts in MPM. Moreover, changes in personnel have brought new knowledge and marketing schemes to these companies and fostered initiatives to apply marketing performance measurement to B2B service companies.

5.2.2 *The task environment*

When evaluating the particular features of the B2B service company sector, as defined by the market or the industry that influences MPM applications and then how the external environment affects MPM implementations, only a fraction of the informants referred to factors within market dynamics. Instead, most of the informants focused on explaining the industry specifications of B2B service business and their effects on performance measurement. Therefore, considering all the factors within the task environment, industry orientation factors become more emphasised in the context of B2B service companies than do the factors of market dynamics. These mentioned factors affecting MPM applications are summarised in Table 7 with references to the informants who mentioned them.

Table 7 The task environment factors that affect MPM in B2B service companies

<i>Factor from the empirical data</i>	<i>Source</i>
<i>Market dynamics</i>	
Market specifications	Marketing Director, Case ICT Head of Marketing, Case SW1 Marketing Manager, Case TRNG
Regulation/legislation	Sales Director, Case ICT Marketing Manager, Case BPO B2B Digital Marketing Manager, Case SW2
<i>Industry orientation</i>	
Organisational buying	B2B Digital Marketing Manager, Case SW2 Marketing Manager, Case BPO Marketing Director, Case ICT Sales Director, Case ICT Head of Marketing, Case IT Marketing Manager, Case IT Sales and Marketing Manager, Case CSLTG

Length of negotiation cycles	Marketing Manager, Case TRNG Marketing Director, Case ICT VP of Marketing, Case MFG Head of Marketing, Case IT Head of Marketing, Case ENG Marketing Manager, Case BPO
Target group	B2B Marketing Manager, Case NRG Head of Marketing, Case SW1 B2B Digital Marketing Manager, Case SW2 Head of Marketing, Case ENG Marketing Manager, Case BPO
Relationship focus	Marketing Director, Case ICT B2B Marketing Manager, Case NRG Head of Marketing, Case IT Head of Marketing, Case ENG VP of Marketing, Case MFG Marketing Manager, Case TRNG
Type of offering	Marketing Director, Case ICT Sales Director, Case ICT B2B Marketing Manager, Case NRG VP of Marketing, Case MFG Head of Marketing, Case IT Marketing Manager, Case IT Head of Marketing, Case ENG Head of Marketing, Case SW1 B2B Digital Marketing Manager, Case SW2 Sales and Marketing Manager, Case CSLTG Marketing Manager, Case BPO Marketing Manager, Case TRNG

5.2.2.1 *Market dynamics*

The factors related to market dynamics were mentioned only by a third of the informants; thus it could be argued that these factors influence marketing performance measurement implementations to a smaller extent than do other factors in the task environment. Nevertheless, their minor, yet possible fostering or hindering of power, should be discussed here briefly. The informants that are operating in ICT and software businesses explained that their market has certain specifications that affect their MPM implications. For instance, the informants explained that the pace of the business development is rapid and urges companies to probe their market in terms of marketing. On the other hand, the informants in cases TRNG and ICT indicated that the market they are operating in is not that fixed in the digital era. Rather the market is in a state of constant flux, and new competitors emerge every day.

New competitors are emerging all the time, even unpredictable ones to the traditional fields. There are all these virtual players, international competition, IT-players, ICT-players and such. All of a sudden. (Sales Director, Case ICT)

I feel that in the service business, the industry is often very fragmented or so. There might be a huge amount of competitors, so then analysing your market situation or the potential and competitor field with its movements is very challenging to follow. (Marketing Manager, Case TRNG)

In addition to the specifications of the market affecting MPM, a couple of informants stated that legislation and several regulations now influence the way marketing can be realised and hence also influence marketing performance measurement. For instance, compliance with several regulations and legislation is obliging companies to act transparently when it comes to their data management and handling.

We of course need parts of the tracking and identification, but then we need to handle it diplomatically for the customer, telling them transparently that we track cookies and if you want that we don't track them, we disable them, but then again, we probably cannot activate the correct actions or communicate at the right moment. (B2B Digital Marketing Manager, Case SW2)

Well, one clear thing that is affecting MPM, is the legal changes. They open new opportunities, and they close possibilities. (Marketing Manager, Case BPO)

5.2.2.2 Industry orientation

When asked about the particular features of the B2B service industry that affect the successful application of MPM, the informants were verbose. Based on these findings, it is evident, that there are identifiable, particular features of the B2B service industry which arguably differ from those of consumer goods companies and affect the way MPM is utilised. The findings regarding these features will be discussed here next in detail.

When considering **the organisational buying**, B2B service companies see that the organisational buying behaviour has changed in the last decade, and now the buyers generally have more knowledge and power than they did before the emergence of digital technologies.

The buyers are getting more and more information by themselves, much more than the sales reps who earlier knew a lot about their products. It has changed a lot. (Sales and Marketing Manager, Case CSLTG)

A customer is today going as long as 70 or 80 % of its own journey before contacting potential suppliers, e.g., contacting our sales. This is why we need to be present in the places where our customers are looking for information. (Marketing Director, Case ICT)

Correspondingly, there are more marketing touch points for possible customers, which of course fragments the marketing activities and their measurement. Furthermore, there is also fragmentation on the buyers' side, since there are more stakeholders that are participating in the buying process than previously. All these aspects affect the way MPM is implemented in B2B service companies.

It is very much true that in the buying process we've all the time seen the trend that more and more people take part in this process that is very much affecting marketing. You need to be able to provide content that is interesting for different buyers, and when there are multiple stakeholders, you cannot target the actions toward only one of the decision-makers. This affects performance measurement, since you should be able to measure who is involved in the decision-making. (Marketing Manager, Case IT)

Explaining the cause and effect relationship and how it affects business. It is not a simple funnel which you can use to indicate what return you can get from an investment. In many cases, it's simply impossible. (Marketing Manager, Case BPO)

Besides all the variety found in organisational decision-making, the **length of the negotiation cycles** in B2B service businesses are much longer than in the consumer or goods businesses. Furthermore, there is a variance in the length of the decision-making processes depending on the customer. The length of the negotiation and the decision-making is expected to be long, because the size of a single service contract usually involves a major investment from the buyer. This particular feature of B2B service business first of all requires perseverance and patience from B2B marketers, but it also needs some logic and intelligence when implementing performance measurement processes in marketing, since the attribution time for when the performance of marketing activities can be verified

can be lengthy. Hence, it is arguably troublesome for the B2B service companies to develop a comprehensive understanding of the buyer's journey and all of the inputs that affect it and which of these inputs to measure closely.

It can happen next week, next year and together with 5 other contents. Then there are also other touch points to note for the customer, so... The journey is unique for each and every customer; moreover, each and every customer is looking for a different solution or service, so calculating the ROI or ROMI of an individual content is really impracticable to measure. (Marketing Manager, Case BPO)

Well, of course, the fact that the sales negotiation cycles are long requires a lot of patience and perseverance, which contradicts a bit to the fact that, on the other hand, one needs to be fast and timely and do new things. But the fact is that if and when we get a lead, it may take a year or two before it realises a deal. It can vary from couple of months to two years, but of course it affects the measurement. In some consumer businesses, marketing can easily bring direct deals, but not in our world. (VP of Marketing, Case MFG)

Key informants in B2B service companies referred to their **target group** as serving challenges but also possibilities in MPM. In general, B2B service companies see that B2B marketing actions are typically targeted toward a specific group of companies, which makes MPM rather simple, since the customer or prospect company is usually identified. Nevertheless, there can be multiple stakeholders within one company account, and thus the measurement of all stakeholders and activities targeted toward them can be hard. The target market size in B2B service business sector can vary from a couple of companies to more than thousands of companies, which also poses challenges for implementing MPM practices from one company to another.

In this regard there is a big difference, if in consumer business you lose for example, let's say 70% from 100 sales, you can still optimise the remaining 30%, so that you're just not spending that much on any of them. In a way it is rather efficient anyway, but then on the B2B side it can be so that you cannot see the deal, but you still invest a lot in the exposure and right targeting. Still, when the deal eventually is closed, it might be a very substantial one and thus pay itself back. (B2B Digital Marketing Manager, Case SW2)

There are multiple decision-makers in our industry. Hence, the challenge of account-based or deal-based marketing is that you need to make an impact on a large set of people, with very different priorities. They're looking at things from different perspectives. How this can be seen in practice, is for example that we could've planned different kinds of advertising for different kinds of buyer personas. Some of them are emphasising a more financial point of view whereas others prefer safety, for instance. Nevertheless, these all serve the same purpose. At the moment, we cannot measure very well how each of these personas are affected, but we can see the combined effect of all of them. (Head of Marketing, Case ENG)

In the B2B service business, marketing is not merely about providing new leads and customers, but increasingly also about building relationship; therefore, there is a **relationship focus** in marketing, and efforts and activities are also supporting customer relationship management and development. This aspect is having its effects on marketing performance measurement, since it forces that measurement to cover not only marketing activities to attract the customers, but increasingly also the maintaining and enhancing the customer relationship, e.g., in terms of a share of wallet and the lifetime value of the customer. Furthermore, the relationship focus of B2B service business is increasing the importance of measurement when evaluating whether correct target groups are reached, since in B2B service business, it is preferable to target those companies that have growth potential in the future. Hence in MPM, the main goal of marketing activities is not only to create leads for new sales, but also to reach the correct accounts within the existing customer base to create possibilities for up-selling or cross-selling activities.

Our service is in a way formed only at the time when we get to talk with the customer about their needs. I think it is a clear difference, that when building that trust, it is very important to actually get the lead but then on the other hand, the leads should preferably have growth potential. This is the dilemma of new customer acquisition. We need to have new customers in order to grow, and at the same time, we need to be damn good at selling new services to the existing customers. (Head of Marketing, Case ENG)

The majority of our target group already are our customers. So we cannot simply measure how many new leads we get, because it won't tell anything in terms of business. (Marketing Manager, Case BPO)

Often in B2B business, when you're selling a rather big solution, there may be smaller deals or shorter deals or then bigger deals. For example,

first shorter deals, and then after a while a bigger deal happens. So it's by no means unambiguous. People who say that everything should and can be measured, in my opinion, often in B2B negotiation cycles and customer relations, it is a different thing in practice than what the textbooks are indicating. (Sales Director, Case ICT)

In terms of the relationship focus of B2B service business, relationship creation and building have usually been very sales-driven. B2B service companies report that especially in their industry, the role of marketing as an active participant in generating revenue has merged only within the recent years because the business field has changed, and the typical sales activities are not working as effectively as before. Hence, more emphasis has been given to marketing activities and their performance measurement to show the accountability of marketing for attracting, maintaining, and enhancing customer relationships.

Perhaps throughout the history there hasn't been a need for that [MPM], since marketing has been brand based; otherwise, the business has been very sales oriented with sales organisation driving the way. Now when the cold sales calls are not working as efficiently and the sales team is not surviving by themselves, it is lifting the marketing role step by step. But of course there is a lot of work needed to change the underlying attitudes and for marketing to really show its true role. That is clearly a recurring theme in this context. (Marketing Manager, Case TRNG)

Our people at the customer interface need to understand how it works and how they can utilise the enormous amount of data that is accumulating from the customer, either at the company level or at the decision-maker level. (Marketing Director, Case ICT)

The teamwork between marketing and sales needs to be very seamless. If having plenty of leads but failing to properly handle them, then the outcome is zero also for marketing, not just for sales. (Head of Marketing, Case ENG)

When considering how the **type of offering** in B2B service businesses affects the way marketing and its performance measurement is utilised, the case informants were relatively unanimous in their responses. While the range of service offerings is rather fixed, in B2B businesses, the service offerings are often modularised or customised based on the customer's needs and wants. Furthermore, the size and complexity of the service deals

that are negotiated and sold are typically substantial. This complicates the MPM processes, since a typical case might be hard to find or measures such as average sales deal value, may be rather uninformative for performance evaluation. The uniqueness of each win/lost deal might complicate the performance measures and models and hence also the performance evaluation between the cases.

We're constantly balancing with this. In a way we need to make buying easy for our customers, so that our service and offerings would be as product-like as possible, so the customer can just come to us and buy. But then again, customers have very special needs, so we need to think of the ratio of customisation, how much needs to be customised and how much is fixed. On the one end, there is a danger that our service is too stiff and not modifiable at all, and on the other end the service is too cumbersome, and the customer cannot understand at all what we're doing. (Head of Marketing, Case ENG)

To sum up, several findings were found regarding the particular features of B2B service industry that is affecting B2B service companies' MPM implementations. The organisational buying processes with several touch points and decision-makers involved are fragmenting the performance measurement. Furthermore, the length of the negotiation processes and the target group definitions cause difficulties for MPM in terms of attribution times and the stakeholders to be measured. Moreover, the relationship-focus of B2B service business urges managers to measure not only marketing activities, but also activities in sales and service management, which can make MPM systems heavier. Finally, customised, though sometimes modularised, service offerings may complicate the measurement between all sales cases, since the average value of a case or a typical sales case is often difficult to define.

5.2.3 The corporate context

When considering the factors related to corporate context, B2B service companies reported fairly similar experiences affecting their MPM applications. The company structure and resources as well as strategy, goals, and alignment affected MPM applications to some level, but the most mentioned theme was how organisational culture and social structures influence MPM implementations. Management support, cross-functionality of the participating departments, and the status of marketing, for instance, were widely described as vital factors that either were hindering or fostering the MPM processes. Capabilities and technology were additionally mentioned as affecting MPM implementation

to a certain degree. The mentioned factors in the corporate context affecting MPM applications are summarised in Table 7 along with references to the informant who mentioned them.

Table 8 The corporate context factors that affect MPM in B2B service companies

<i>Factor from the empirical data</i>	<i>Source</i>
<i>Company structure and resources</i>	B2B Marketing Manager, Case NRG Marketing Director, Case ICT Sales Director, Case ICT Head of Marketing, Case IT Head of Marketing, Case SW1 Head of Marketing, Case ENG Marketing Manager, Case BPO Marketing Manager, Case TRNG
Marketing budget	VP of Marketing, Case MFG Head of Marketing, Case IT Head of Marketing, Case SW1 B2B Digital Marketing Manager, Case SW2 Head of Marketing, Case ENG Marketing Manager, Case BPO Marketing Manager, Case TRNG
<i>Strategy, goals, and alignment</i>	Sales Director, Case ICT Head of Marketing, Case IT Head of Marketing, Case SW1 Head of Marketing, Case ENG Sales and Marketing Manager, Case CSLTG Marketing Manager, Case BPO Marketing Manager, Case TRNG
<i>Organisational culture and social structures</i>	
Management support	Marketing Director, Case ICT Sales Director, Case ICT B2B Marketing Manager, Case NRG VP of Marketing, Case MFG Head of Marketing, Case IT Head of Marketing, Case SW1 Head of Marketing, Case ENG Sales and Marketing Manager, Case CSLTG Marketing Manager, Case BPO Marketing Manager, Case TRNG

<p>Cross-functionality of departments</p> <p>Organisational processes</p> <p>Status of marketing</p>	<p>Marketing Director, Case ICT Sales Director, Case ICT Head of Marketing, Case IT Marketing Manager, Case IT Marketing Manager, Case BPO VP of Marketing, Case MFG Head of Marketing, Case ENG B2B Marketing Manager, Case NRG Head of Marketing, Case SW1 B2B Digital Marketing Manager, Case SW2 Sales and Marketing Manager, Case CSLTG Marketing Manager, Case TRNG</p> <p>Marketing Director, Case ICT B2B Marketing Manager, Case NRG Head of Marketing, Case SW1 Head of Marketing, Case ENG Marketing Manager, Case BPO Marketing Manager, Case TRNG</p> <p>Marketing Director, Case ICT B2B Marketing Manager, Case NRG VP of Marketing, Case MFG Head of Marketing, Case IT Head of Marketing, Case SW1 B2B Digital Marketing Manager, Case SW2 Head of Marketing, Case ENG Marketing Manager, Case TRNG</p>
<p><i>Capabilities and technology</i></p> <p>Knowledge of staff</p> <p>Partner relationships</p> <p>Technical infrastructure</p>	<p>Marketing Director, Case ICT B2B Marketing Manager, Case NRG VP of Marketing, Case MFG Head of Marketing, Case IT Head of Marketing, Case SW1 B2B Digital Marketing Manager, Case SW2 Head of Marketing, Case ENG Sales and Marketing Manager, Case CSLTG Marketing Manager, Case BPO Marketing Manager, Case TRNG</p> <p>Marketing Director, Case ICT VP of Marketing, Case MFG Head of Marketing, Case IT Head of Marketing, Case ENG B2B Digital Marketing Manager, Case SW2 Marketing Manager, Case TRNG</p> <p>B2B Marketing Manager, Case NRG VP of Marketing, Case MFG Head of Marketing, Case IT Head of Marketing, Case SW1 B2B Digital Marketing Manager, Case SW2 Head of Marketing, Case ENG Marketing Manager, Case BPO Marketing Manager, Case TRNG</p>

5.2.3.1 *Company structure and resources*

When describing how **company structure** affects successful MPM applications, B2B service companies were mostly unanimous in explaining the effects of organising their departments to MPM. Most of them explained their organisation models faced a silo effect, which hinders MPM applications. In response, many of them also clarified having to reorganise their marketing and sales functions as part of better alignment, measurability, and accountability of these functions. The informants strongly agree that the organisational chart is more than a figure for human resource purposes. It is actually a strong player that can help define which departments are working the most closely with each other.

Simply the fact of how the organisational chart looks like is very revealing for at which level in the organisation marketing decisions are made, to whom does one report about them and if they are done only in the lower levels of the organisation, it really shows that marketing is not seen as a priority or a valuable function. For us, marketing was reorganised on a Nordic level at the turn of the year, and it really sent a strong message from group management about which role they want to give marketing within the organisation vs. what it has been earlier. So strong indications can be always found in the organisational structure, but it also explains why things are how they are. (Marketing Manager, Case BPO)

What is also affecting the problematic nature of MPM is of course how marketing and sales are organised in a company. Normally or very often every part of organisation has its own measures. When sales and marketing are more far from each other, as their own functions, marketing is perhaps more focused on measuring web analytics and such and not talking the same way about money or deals or customer relations at all. Then it's significantly more far away from the business and revenue generation, than it is in sales. (Sales Director, Case ICT)

Efforts to eliminate silos within organisation have fostered MPM applications according to the key informants. An organisational structure that supports the collaboration of marketing, sales, and management and their joint responsibilities helps to foster the MPM processes.

When having a flat organisation, sales and marketing have always been working together. My job is to make sure that there won't be silos also in the future. We're working very openly and do not have fixed responsibilities. So everyone can work in a self-organised matter, and I think that's

the modern way, no silos or organisational boundaries. Instead you can just focus on doing and having shared and collaborative projects. (Sales and Marketing Manager, Case CSLTG)

Our internal structure supported us on the change, because sales and marketing are both clearly part of my responsibility, so we did not have any silos. What I know based on the talks with my colleagues, integrating sales and marketing is often the biggest issue. For us, the organisational structure perhaps fostered our doing. (Head of Marketing, Case ENG)

Other than the organisational structure, the informants reported **allocated resources for marketing** affected MPM, though not fostering or hindering MPM per se, but rather merely limiting the extent of the measurement processes. Marketing resources as a theme is double-edged, having better accountability of marketing allocates and cultivates resources. On the other hand, it is hard to develop successful MPM processes if the resources for that aspect are limited. Respondents reported being at a satisfactory level in their measurement practices, although with wider resources they could still enhance their measurement practices further. The respondents were relatively united in their answers, although their reported figures regarding company size both in number of employees (25–1600) and annual revenue (7,5–230m. €) as well as marketing budget (0-5% to more than 18% of the annual turnover) varied considerably. Hence, the sample of the case companies represents a diverse set of B2B service companies. Therefore, it can be concluded that a greater company size or marketing budget does not foster MPM implementations per se. Rather, it sets the boundaries or extent of the action for MPM processes and implementation.

When marketing resources are scarce, it takes quite a bit of footwork. Numbers are a brilliant tool for marketing to argue for and to show accountability for management team, but if we have only one resource, at the moment, I'm the only one in the Finnish organisation working with marketing, so do we really want that I spend my time in reporting and gathering the numbers or do we want that I do actions that actually generate revenue? We don't have resources to build such reporting, and resources go hand in hand with prioritisation. Is reporting and measurement prioritised and how deep do you want to go into it for it to be valuable? (Marketing Manager, Case BPO)

The overriding factor is resources and not just marketing resources, but very often, for example IT is needed. IT has also a lot on their agenda, so

for you to get IT strongly collaborating with marketing and also sales and getting all of these to focus on something causes challenges. So in a way, it is not enough if I'm driving this extensively and being flexible in my schedule, doing long hours, etc., since I'm so bound to others in the organisation and have them also have enough resources. (Marketing Manager, Case TRNG)

Since the implementation of MPM practices requires cooperation and collaboration of departments within the organisation, it is important for B2B service companies to see how they are organised both in terms of the company structure and the allocated resources. If the organisational model or the structure and resources do not support collaborative actions between key departments, the implementation of MPM processes might end up being too long-drawn.

5.2.3.2 Strategy and goals

The strategy and goals set for marketing certainly foster or hinder the MPM applications in B2B service companies. The informants explained, for instance, that marketing strategies in the past have not been that well-defined, but with the help of MPM practices, the strategies have become more distinct. On the other hand, in case the business strategy is not well aligned to the marketing strategy and goals, the marketers have faced challenges when starting to implement MPM processes and put these practices into place.

The [alignment of goals and strategy] was surprisingly easy. My supervisor at the time was strongly thinking through strategy, and now we have a marketing steering group which has been formed for the very reason that we would then have the strategic goal clearly in our minds. I'd say that not always have we succeeded or can succeed in communicating the right things about the strategic cornerstones, but at least we've focused on the right things. (Head of Marketing, Case ENG)

Well, so far it [the strategy-goal alignment] has not been very clear, and I think that it is partly why it has been so hard to build the measures and observe performance. But I actually just proposed to our management team that we need to have an evolving model for the strategy. For example, if next autumn there will be updates to the strategy, there has to be updates also to the brand strategy and marketing strategy and only then can we plan actions. (Marketing Manager, Case TRNG)

5.2.3.3 *Organisational culture and social structures*

Considering all the factors within the corporate context, B2B service companies reported that factors related to organisational culture and social structures as having the most influence on their MPM applications. B2B service companies reported that the organisational culture and social structures can affect MPM applications in many ways. Besides the need to develop the prevailing organisational culture incrementally as part of MPM implementation efforts, according to the informants, a prerequisite is to have management support and cooperation between the internal departments as well as supportive internal processes and a good enough status of marketing within the entire organisation for MPM to be implemented successfully.

According to the key informants of the study, **organisation culture** is strongly influencing the way marketing is seen in the B2B service companies and thus also influencing what is expected from marketing. If the company has been traditionally sales-driven and now with the first attempts at MPM implementations marketing is trying to boost its accountability, changing the organisational culture towards a more marketing- or customer-focused company takes both time and patience.

The underlying culture in the organisation is to measure and observe results, so of course it is affecting and is echoed very much toward marketing. It is probable that if the culture is very strong, then it is expected and supposed for marketing to show returns on investments and calculate repayment periods and things like that. In that regard, it affects a lot. And perhaps I'd say that even more so than how the industry affects the MPM. (Marketing Manager, Case TRNG)

I believe that the most challenging step, i.e., where we are at the moment, is especially the matter of how to get the internal organisation to think differently. I think this is the first step in every company. The collaboration and creating the right culture from the beginning, and of course change management is also connected to it. The more open and genuine the culture is, the easier it is to railroad such themes through, especially when talking about ROMI where half or 99% of people don't even know what it actually means. When having an open atmosphere and prevailing trust, it becomes so much easier to start explaining such terms. (B2B Marketing Manager, Case NRG)

The application of marketing performance measurement is a long-term change process that requires implementation as any other change process in an organisation does. Interestingly, none of the B2B service companies reported that they were ready in their applications. Rather they saw that there is still room for improvements, especially when it comes to developing company culture and internal processes.

There are a lot of changes and for the organisation to understand them, we need to do a lot before the change is realised and we can measure the performance. It takes a lot of energy to get that kind of understanding in the organisation. (Marketing Manager, Case TRNG)

On a corporate level and individual level, this so-called resilience is very critical, how fast one can react to change. And if you just make people go ahead, if you cannot motivate people to take part in the change and learn new things, then it's a difficult and long road, and you'll be easily out of the competition. (Sales Director, Case ICT)

When asked whether and how **management support** affects the MPM implications in B2B service companies, the responses were mixed. Approximately half of the informants described how their relationship with management has fostered MPM implementations, since sufficient support and responsibility has been given to them for them to proceed in their measurement intentions.

The support from management at us was kind of like "You'll get a free hand, let's see what is achieved within a year". And my supervisor at the time was strongly supporting me, although he was not necessarily always so familiar with the ways of doing. But somehow he anyway trusted and supported us. And now later on, it has been easier, since we've been able to tell the stories, e.g., this deal was closed, because of this and that. (Head of Marketing, Case ENG)

What has surprised me is how genuine a culture we have all the way from CEO to a sales negotiator. Of course we have hierarchies, and I'm not really saying that our whole organisation is that of a start-up, but the culture has changed, so even though there would be a hierarchy, people are pretty genuine across the organisation, which of course fosters the development of these things. I guess we do not have a culture where management goes first and then marketing and sales, but rather we all work strongly together. (B2B Marketing Manager, Case NRG)

On the other hand, approximately half of the B2B service companies reported they had experienced a negative or hindering impact from management, either because of lack of interest or clout, or knowledge. Informants in cases IT, TRNG, MFG and BPO reported to have earlier witnessed challenges related to receiving management support in MPM implementations, although at the moment the cooperation was at a satisfactory level.

If in a way, there isn't any interest within the organisation or from the top management, so clearing the way for change alone is very tough. Yet, it is a must that there is support from management. (Marketing Manager, Case TRNG)

Well, it is what it is. Although I'm also part of the executive team, we still haven't assessed marketing performance on a regular basis or according to rules. Now when the new financial period has started, we've agreed to follow the development of leads. Before this, the KPI of marketing at the management level was the annual development of website visitors. (VP of Marketing, Case MFG)

I see it as a challenge in our company and in many other companies. When talking about management groups, government or executive rooms, it is very true that since marketing is a very multifaceted and complex world and an area with a lot to take on and understand, it would be easier if there would be marketing understanding at the executive level or even above. You need to do a lot to clear the road, and explain and create the belief that we're doing the right things here. (Head of Marketing, Case IT)

Of all the factors within the task environment and corporate context, the B2B service companies were most united when it comes to the importance of the **cross-functionality of departments** in MPM applications. In traditionally sales-driven businesses, sales and management are the most important parties taking part in the marketing performance measurement process. Further, less than a third of all informants reported IT and communications as also important departments when it comes to measuring marketing performance.

To be able to get such programs, really powerful programs, we need a lot of different instances within the company, starting with the legal department or IT. And then of course the role of communications is central, and for us all, we needed to move our focus from ourselves to the customer.

And in a way when we had the concrete customer and its problems on our mind, it got us to think together as one united company, and that this is the way the model should be built. (Head of Marketing, Case ENG)

If considering the collaboration of our sales and marketing, sometimes it is very good, and I'm excited about its quality, but then again there are times when it's not that smooth. But we have a very healthy relationship with sales. I feel that... I was going to say that I feel like I'm part of the sales team although not having the pressure at the end of a quarter like they do. But we're in this together, so it's definitely collaborative work. (Head of Marketing, Case SW1)

Considering the collaborative relationship of sales and marketing in marketing performance measurement in particular, B2B service companies described several important issues that affect and develop the cross-functionality of these teams: Defining joint processes, responsibilities and performance targets and establishing co-operative culture using mutual language and dialogue.

The actions that are meant to be done for sales or are meant to bring short-term deals to sales need to be done together with sales. The strategy, actions, measurement and follow-up. If marketing is rapidly executing a campaign and then afterwards telling us that "this is what we did" without implementing it first to sales, nothing will happen. Then the marketers feel like "damn, now we need to make a new campaign", shaking their heads because the sales team did not catch the ball. (Sales Director, Case ICT)

What is good about us is we do have dialogue, so it's not so that management team would just implement something top-down and then there is complaining but no discussion. We actively challenge if everything makes sense, are the decisions all right etc. so I think having dialogue is the most important thing. We're having a lot of dialogue, operative dialogue, and it works very well at the moment. (Marketing Manager, Case BPO)

Considering the cooperation of sales and marketing, B2B service companies reported that they have faced challenges in the differences between individual performance targets. In sales-driven organisations, the current bonus or compensation models might not be aligned with the MPM targets, which hinders the collaboration. On the other hand, when the compensation models for both marketing and sales are aligned to collaboratively work towards joint goals, then the overall business goals are more easily met.

A sales team is often motivated with performance-based pay. Based on performance-based pay, a salesperson is choosing the product to be sold, but that product is not always a strategic one within the organisation. The so-called fast deals, where deals can be generated promptly, are favourable for the salesperson but from marketing point of view, it might be that it has been stated strategically that we have deals with large products and long-term complex deals, but where the deals realise in over a year. So the deal does not convert to the salesperson as promptly as the fast deals, and thus it is not that big of a motivator. Here we can see that the sales organisation should approach these sales differently or the reward system should be different. (B2B Digital Marketing Manager, Case SW2)

It is even on our strategic level that everything we do, we do with concrete goals and this thinking has come strongly from sales. It has been rather easy to get sales engaged when thinking of the targets and tracking their attainment together and that is what our sales team is living and breathing for. Their doing is so strongly based on targets and their achievement, that the fact that for the first time we have defined and documented common goals for marketing and sales is a very big deal. Maybe also the fact that we have crossed targets. I have sales-driven targets on a personal level, of course I affect them indirectly through marketing actions, but the fact that we kind of indulge ourselves toward the other side, by intertwining the sales and marketing strategies on a practical level, is the most critical thing. (B2B Marketing Manager, Case NRG)

According to the informants, cross-functionality between sales and marketing requires joint systematic actions on a practical level when it comes to using CRM, for instance. New ways of working involve precision in the data management and handling and the case companies reported as having training and jointly agreed ways of working so as to ensure the MPM processes work in the desired way.

Some of the data is accumulating automatically and some by humans. If the sales team is recording their meetings and deals and such in a very negligent way, which I've also seen, it is a cut out for distorting the data and getting possible negative performance signals for the measurement. So in a way, the whole organisation needs to commit to the shared rules in order for the data to accumulate correctly. (Sales Director, Case ICT)

We clearly do still have some hiccups. For example, today at a sales team meeting our salespeople wished that we'd have an internal workshop on how to mark certain things on CRM, because we've used our CRM only for a couple of years now. All the time and step-by-step we've been using it more widely and whenever we're approaching new territories or having new measurement in CRM that we haven't earlier had at this level also requires that we create shared rules on how things work and have continual dialogue. There are times when I run after our salespeople when missing data on CRM, but they also run after me asking how it works and how should they mark things there. So we're running after each other, one after another. (Marketing Manager, Case BPO)

If the marketing and sales departments are not working together or are for some reason physically or structurally apart from each other, MPM processes are harder to implement. B2B service companies report to have improved the cross-functionality of these teams, while many also explain that there is still room for better collaboration in terms of measurability.

The first thing I did was that I pushed myself into sales meeting and immediately started to grow our collaboration, so, that we're working on a same mission, managing together our customers. If any "our field and your field" kind of thinking starts to emerge, it'll alert me that everything's not right. Then it [working in silos] leads to having boundaries and beginning to fight, e.g., for not using my time to your thing or helping you, since I have my own targets. For us it has been kind of easy, since the common targets are implemented on a sufficiently high level, so everyone knows that helping your buddy assists in attaining the big goal. (Marketing Manager, Case BPO)

I've worked in the interface of sales and marketing at both sides, and I hate the culture of accusations that you hear from both of these. The sales team is explaining, sometimes legitimately, that marketing is fiddling around by themselves without any grip of the realities of sales. This happens especially when marketing performance measurement is focused purely on measuring clicks and such. At the same time, marketing people are blaming sales for being lazy and only selling to people they already know and not to whom the actions were planned for. There is a great dan-

ger for this to happen if the commercial actions are not planned and executed collaboratively within sales and marketing. (Sales Director, Case ICT)

Considering **organisational processes** as a factor affecting marketing performance measurement in B2B service companies, the informants referred to challenges in defining and developing internal processes especially after the first initiatives to MPM have been started. Hence, after deciding about the actions to be measured and the measures to be used, most of the B2B service companies found organisational processes significant when putting marketing performance measurement into practice and transferring to a more performance-driven method both in marketing and sales. The informants emphasised that developing internal processes to support MPM practices is important in getting organisation-wide support and buy-in for the new ways of doing. Since MPM in B2B service businesses is a collaborative process of sales, marketing, and management, at the very least, they should be participating in changing the organisation models, culture, and processes.

Very often the system or technology, although not being the best possible, would support [MPM], but then internal processes are the ones hindering, for example, saying that this cannot be measured. But in reality one is just not ready to do the work it requires. Moreover, the motivation of internal processes to develop is considerably smaller, if it comes from outside as a ready package vs. doing and participating yourself. You need to engage the organisation to the development, so when starting to implement MPM, take that sullen product management guy into the project, take the whole sales team with you to analyse and think of the results, and be open to critiques. (B2B Marketing Manager, Case NRG)

Maybe recognising the bottlenecks here goes more to the reporting and scrutinising the results to build the process and the models for going through the results with sales and for marketing to get feedback from sales that the leads do not work, for example. The dialogue should go both ways. These are the next steps we're working on, first to get the funnel to work, so we can track it and we have leads coming in, as that is its own challenge. Adding a genuine dialogue to the show is another issue. (Marketing Manager, Case TRNG)

According to the key informants, **the status of marketing** is affecting MPM implementations in many ways. As with the organisational culture, it shapes and defines what

has been expected from marketing and what is expected now. In sales-driven B2B service businesses, the status of marketing has not always been strongly in the core of the business, which is why changing the current status requires marketers to work as change agents.

We haven't had a marketing mind-set or marketing-driven thinking in our culture. And that is what I started to consciously work on. (Marketing Manager, Case BPO)

For us, marketing is a very central part of business and an important change agent. Marketing is developing the business and letting it having its own charge in carrying out sales. One gets the role one takes. You shouldn't fall back on the traditional role, where marketing is going around presenting campaign layouts to sales and management and settling on the role of support function. (Marketing Director, Case ICT)

In my opinion, MPM is the only way to affect the status of marketing. I see that otherwise it goes easier into a situation where marketing is showing marketing plans or the individual actions that are upcoming. Considering that people have sales targets and management has certain commitments, that kind of doing in marketing is still quite far from these. When being able to show that, hey, this is the way we can help you, here you have the leads or now it is easier for you to book meetings or whatever, then it is becoming more concrete, and consequently, the status is starting to change. (Marketing Manager, Case TRNG)

B2B service companies report that fortifying the status of marketing from a support function of sales to a driver of business does not happen overnight. Since sales has been driving the business earlier, marketing needs to stand up and show its accountability in a persevering manner to actually change the status of marketing in the long run.

For us, marketing has been traditionally that we haven't operated with marketing first. Marketing has been done in a sales-driven way, which in a way at the moment is a good and sound thing in that we've always had an integrated marketing communications. But then again, sometimes it has led to a situation where marketing is a side matter or a separate function bustling around its own things. And because in the end sales is still the biggest thing, marketing is also focused on and driven by sales. (VP of Marketing, Case MFG)

The reputation of marketing is to be a so-called support function and there's a lot of work involved in changing that and I think it will eventually change even naturally since the ways of doing are changing. But it's a thing to continually tackle, and it'll not stop. It is continual, well, standing up for yourself and taking up the position that we're taking the responsibility of doing right things and meeting performance targets. But of course, it is a persevering and continual growing and development of the status. (Head of Marketing, Case IT)

The key informants in B2B service companies report that marketing's status has improved after initial MPM efforts, when marketers could have shown their accountability in driving sales and attaining business goals.

Raising the role of marketing is carried off through data, so when being able to show this and that actually works. Not showing just beautiful pictures that we've blasted to kerbsides and magazines, but to actually be able to show through data whether someone has read the content and what conversions have been resulted in. (Marketing Director, Case ICT)

Well, the traditional view perhaps is that it [marketing] is like decorating a cake. So here's the product, and this is what it costs, and now we should get a brochure and add something to our web page. I'm glad we've largely gotten rid of that. In a way it is the measurement of performance that changes it, when you can show the effect of marketing activities let's say in euros for instance, then it is easier to discuss whether we can forget the brochures. Marketing has been seen, and I guess many still see it more as sales support. But for us, we're now seeing sales as a smart conversation between experts and marketing as being something more than showing the logo. (Head of Marketing, Case ENG)

According to B2B service companies, the factors within organisational culture and social structures play a key role in affecting MPM applications. Many of the factors in the culture and social structures of organisations overlap, and hence initiatives to apply MPM requires contemporary attempts at developing the status of marketing, creating possibilities for cross-functional work between sales and marketing, not to mention getting management's buy-in and support for all these attempts. The internal factors related to social structures and the company culture seem to be particularly important in the beginning of

any MPM process implementations, but also in the long-term development of more data- or performance-driven marketing.

5.2.3.4 *Capabilities and technology*

Implementing MPM processes in place requires specific capabilities. B2B service companies report capabilities that relate to knowledge of internal staff, but also partner relationships and technology that are necessary in MPM applications. According to B2B service companies, the transition to MPM requires knowledge of data and insight and also understanding the possibilities of a more data-driven approach. Performance-driven marketing may demand, for example, an analytic mind-set, an ability to interpret different measures, and interest in data and business cases or investment calculations. Furthermore, organisational learning and capability building are necessary when building new internal processes that support MPM applications, according to the informants here.

You need to have the substance knowledge of marketing, but also the business. Understanding what business requires and what kind of actions need to be taken. Additionally, you need to have decision-making skills, since in a hectic work environment, you need to make tens, if not hundreds, of decisions every day and everything affects everything. You need to be able to work in an agile way, fail fast when trying something, and if it did not work, do it another way. You also need to have a clear feel of where are you going and which actions are taking you there in a best way. Then you also need to have enough confidence toward your own work to be able to make the decisions. (Marketing Director, Case ICT)

Considering it from a marketing performance measurement point of view, you often need to be able to do investment calculations or things like that, especially if there aren't controllers or others in your company, to whom this kind of thing more traditionally belongs and who can support it. So you need to understand that side of business also, need to know how to calculate those or payback periods, break even's or things like that. (Marketing Manager, Case TRNG)

B2B service companies report several challenges regarding **knowledge of MPM**. The scarce knowledge in MPM can be partly addressed with a partner, but also one needs to understand what is required from that partner.

The challenge has been that we haven't always necessarily had the right kind of knowledge internally for doing MPM. Of course you can buy help from external partners, but then again in a way you need to have some basic understanding to be able to buy it so that you know what you want. No one can offer you fully what you need in case you don't know what to buy. Having the right knowledge clearly is a challenge. (Marketing Manager, Case TRNG)

Knowledge is at the core [of MPM], since the knowledge within the organisation is defining very much the way how marketing is starting to perform. Pretty rarely does a marketer plan something he/she doesn't know or understand. It's practically impossible because you can only invent the things you know, and the other way around, you cannot suggest things you don't know about. (Marketing Manager, Case BPO)

Considering that a **partner relationship** as part of the MPM capability, B2B service companies reported leaning on their key marketing partners and agencies, although they also explained having encountered challenges related to partner relationships. Therefore, partner relationships are affecting the MPM applications in B2B service companies, either by fostering or hindering them

One enabling factor for us in my opinion was that we succeeded in choosing a good partner. Partner with traditional advertising skills but besides that a good partner has also knowledge on the digital side of marketing and marketing automation. That was one big factor. (Head of Marketing, Case ENG)

One critical thing is if you're settling in the present and not challenging your own organisation and partners for a better performance. You need to be all the time active, be able to buy in a correct way, knowing what to do in-house, what is outsourced, and how to make these interfaces work seamlessly. (Marketing Director, Case ICT)

In addition to having knowledge of one's internal staff and partner relationships, B2B service companies recognised challenges and enablers related to the **technology** and the systems in use. CRM and marketing automation system were most mentioned:

You need to have technology, and we have a marketing automation system through which we can track our performance and automate our actions. It

would be pretty impossible to do it all manually. (Head of Marketing, Case IT)

We have a marketing automation system, and then we have CRM, which is a bit, well not from this century if I may say... and between these two there is no clear link, which is why we have too much manual work in our MPM. Generally speaking, we're not using our systems quite fully. (VP of Marketing, Case MFG)

Well yeah, the system has caused a lot of challenges. We've been obliged to do a lot of in-house developing, which on the other hand has carried us with our internal capabilities and skills. (B2B Marketing Manager, Case NRG)

Marketing and sales technology are tied to other capabilities. For example, the informant in case TRNG described technology as clearly an enabler for MPM in case one knows how to use the systems. Yet on the other hand, it may hinder MPM application if one does not understand the technological infrastructure behind all the actions being taken.

There are masses of tools, so for you to really understand which of them you need and which of them can really benefit us, it is the most challenging thing when it comes to technology. To be able to choose the right ones, as for example, marketing automation has been talked extensively, but very easily it is just some email management tool. So in that regard, there are countless possibilities, but these systems cost money, so you need to be able to see, that they also yield something and you get what you want from them and then you can choose the ones you really need. (Marketing Manager, Case TRNG)

On the other hand, many of the B2B service companies see technological systems, infrastructure, and their improvements as an inevitable part of today's marketing and a key tool in doing MPM applications better. Not all of B2B service company informants saw technology as hindering MPM processes, but rather as having troubles with the people and internal processes when using the technology:

I'd say there's a lot of technology, but the bigger bottleneck is whether you have the talent and knowledge in your organisation to use that technology smartly. You may do all kinds of reports and there are loads of systems, but what may be lacking is the knowledge to make those reports in a wise

way and to correct systems, so that they gather the data from the right places. In case you don't have that knowledge, well it's a pity, because then you cannot get your numbers right. Of course it's not always that simple, because the amount of marketing systems has exploded. (Marketing Manager, Case BPO)

The systems are so fragmented, that it is hard to even build a solid process. For example, we need to go to the basics or we need to do big moves with our CRM to be able to track, for example, the productivity of our leads. Very often the implementation work starts from the beginning, in case there is no base available. There are lot of changes and the organisation needs to understand that a lot of work needs to be done in order to achieve what we want in our performance measurement. (Marketing Manager, Case TRNG)

Some of the case companies that have applied MPM processes systematically for longer (Cases NRG, SW1 and SW2) also brought up challenges related to utilisation, trustworthiness, or the further processing of MPM data. These challenges however, seem to occur only after the basic processes in MPM have already been implemented and thus they did not apply for all studied case companies.

In my opinion it's one thing to measure marketing performance and another to actually take advantage of the results. Very often when companies start to implement MPM, they stumble when having fancy or poor figures, depending on the perspective, but not necessarily knowing what to do with them. In performance measurement, although being damn boring, the review, improving and continual processing of data and of course also all the ethical questions and GDPR are important. When considering MPM, it is probably 60% of the actual measuring and the rest is analysing and utilising. (B2B Marketing Manager, Case NRG)

Definitely we should be more accurate, so that we can be sure that the data exported from the dashboard is really representing the reality and also to understand why something has happened. (Head of Marketing, Case SW1)

It can be seen here once again, that B2B service companies do not see MPM implementations as just a clearly defined project with a fixed timeline, but rather as an ongoing new operating model of marketing and sales that can be developed and improved all along the line over time.

6 DISCUSSION

The empirical findings of this research as introduced in Chapter 5 are discussed next, as they relate to the research questions and the preliminary conceptual framework of the study. Moreover, an adjusted context-contingent MPM framework is created based on the empirical findings.

6.1 A typical marketing performance measurement process

The findings show that there is no typical MPM process that fits all organisations, but rather the MPM design is unique also within companies that are operating within the same context. This concurs with earlier findings (Frösen 2013; Morgan et al. 2002) where MPM is context-contingent and where the MPM process and metrics should reflect company-specific factors and be contextual in nature. While no typical process for MPM could be found, there are nonetheless some recurrent features that describe how MPM processes can fare in the context of B2B service companies:

- MPM is a joint process of marketing, sales, and management.
- MPM is a relationship-focused process, including activities of customer attraction and acquisition, preferably also relationship management and retention.
- MPM process is organised by utilising the buyer's journey or funnel as a basis of the process and its chain of effects.
- MPM process comprises measures at two levels: strategic or brand level, thereby ensuring long-term success, and also at the tactical level where it is supporting and driving sales activities.

In B2B service business, MPM is not merely a process that is being utilised in marketing. Instead, it is an integrative and mutual process for every customer interfacing department. While the ownership of the performance measurement process is typically held in marketing, sales and management are also significant stakeholders in MPM applications. This connection stems from the relational nature of B2B service markets, where attracting, maintaining, and enhancing customer relationships is an imperative part of the business (Ellis 2011; Grönroos 2007; Lovelock & Wirtz 2004; Berry 2002; Webster 1978). MPM should then accordingly be a shared responsibility between marketing, sales, and management.

These findings propose that the prior MPM models presented in the literature (e.g. Homburg et al. 2012; Stewart 2009; Rust et al. 2004; Morgan et al. 2002) are inadequate for B2B service companies, since they focus principally on measuring activities within marketing. Hence, they neglect the interrelationships with other important stakeholders,

for instance, they disregard the customer relationship as part of the MPM process. Moreover, the MPM models suggested based on the prior academic theories are derived from business-to-consumer markets and emphasise measurement features that are not as appropriate for the B2B service context.

The findings herein propose that B2B service companies do not have one universal MPM model or process. Nevertheless, they do have a somewhat mutual understanding of the hierarchy of effects to use as the basis of their performance measurement. Based on these findings, the MPM process is organised and structured with the help of distinguished marketing concepts, e.g., the buyer's journey and inbound marketing funnel. Interestingly, the findings here propose that the existing MPM models (e.g. Homburg et al. 2012; Stewart 2009; Rust et al. 2004; Morgan et al. 2002) are rather unfocused in that they are company centred and explain only the phases through which individual marketing activities transform into financial performance, thus marginalising their incremental customer impact. Furthermore, these findings suggest that the MPM models should better illustrate the customer point of view as in how marketing and sales actions realise key financial outcomes during the customer journey and that relationship building. These longer-term, customer-based performance metrics suit the context of B2B service companies particularly well, since they capture the contributions of marketing strategy decisions to company growth also over the long term (Zahay & Griffin 2010).

Finally, based on the findings, there are two levels of actions and their consecutive measures in the MPM process: 1) Strategic or brand level actions and measures that ensure long-term success and 2) tactical level actions and measures that support and drive sales efforts. The tactical level is typically emphasised in the first initiatives of MPM, since these customer-facing operations are typically very sales-driven in the context of business-to-business companies.

However, it is acknowledged that the tactical performance alone is not sufficient for long-term success; still, the trustworthiness and attractiveness of a brand is a key contributor in building and managing strong and profitable customer relationships. Furthermore, the actual brand affects the performance of tactical level actions. This finding of two levels of measurement, as well as the importance of their interrelationship concurs with the MPM model offered by Rust et al. (2004), wherein tactical marketing actions affect customer impact which then eventually influences sales, as well as building long-term marketing assets, such as brand equity.

6.2 Factors that affect the MPM process in B2B service companies

The preliminary conceptual framework found here in Chapter 3.4 introduced the factors that affect the application of marketing performance measurement in B2B service companies as suggested by the prior research. These factors were identified as having two levels, one in the task environment including market dynamics and industry orientation, and the second in the corporate context including company structure and resources, strategy and goals, organisational culture and social structures, and finally capabilities and technology. These findings suggest that in the context of B2B service companies, there are similar and recurring factors found in the task environment, but particularly in the corporate context.

A revised framework that comprise the factors that affect the application of MPM in B2B service companies is presented here in Figure 8. Market dynamics and industry orientation represent the task environment or external environment, which is somewhat set and thus out of the company's control. They nonetheless impact how the factors in the corporate context are designed. These corporate context factors found in a company's internal environment then influence the design of MPM. Compared to the preliminary framework, the sub-themes of market dynamics and industry orientation within task environment are segregated in the revised framework. This revision is based on the findings and concludes that similar factors can be found in the industry dynamics and corporate context, whereas the market dynamics will vary between companies and are hence unique to the case company examined here.

The findings also point out several factors that influence MPM implementations, but have not yet been acknowledged in the prior MPM research. One recurrent theme that emerged during the interviews was the importance of initiators at all the levels of conceptual framework. For instance, mega-trends in the external environment, such as digitalisation, at the market level or even in the wider business environment, have fostered the transfer from traditional activities towards digital marketing. The growing use of digital tools has made marketing-related activities more easily measurable, which has led to the first MPM-related initiatives. Alternatively, changes in the corporate context, e.g., in personnel, have changed the way that marketing is seen in its the organization or the focus on marketing to be more service- and customer-driven, which then fostered the first MPM initiatives to emerge.

Besides the initiators at all levels of the conceptual framework, all together five industry-level and eight corporate-level factors that affect MPM in B2B service companies were found. A complete list of these industry- and corporate-level factors that affect the MPM application in B2B service companies are noted here in Appendix 4. The industry-level factors of organisational buying behaviour (OBB), the length of negotiation cycles,

target group characteristics, relationship focus, and type of offering affect MPM applications indirectly through organisational settings by modifying the way that a company's corporate context is internally organised. These accordingly set the outlines for the MPM process, e.g., the stakeholders and touch points to be measured or the attribution time configurations in the MPM process. The industry-level factors represent the industry specifics of the B2B service markets that result in differences in MPM structures, strategies, and processes compared to other contexts, e.g., companies that are operating in B2C or goods markets. These industry-level factors should be matched to the internal organisational designs to obtain a sustained competitive advantage via MPM (Zeithaml et al. 1988). The empirical evidence of the relationship between industry factors and MPM offers a promising commencement for a more contextual-specific MPM research, since the preceding research has until now only offered scant knowledge of the theorised links between these contextual factors and MPM.

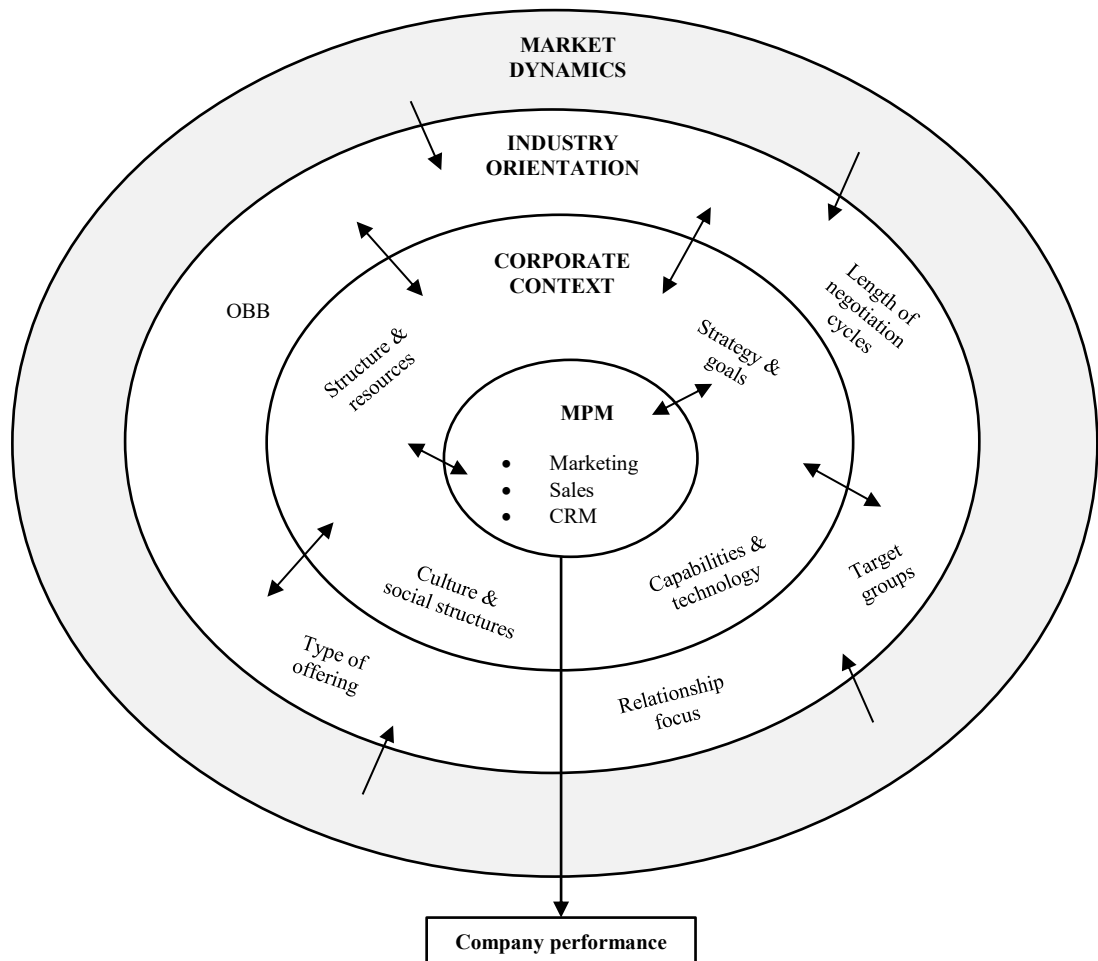


Figure 8 A revised conceptual framework of MPM in B2B service companies

Considering the corporate-level factors, these findings widely support the preliminary framework, nonetheless suggesting that not all of the factors recur in the setting of B2B

service companies nor do they all affect MPM applications with the same emphasis. The set of corporate-level factors that do affect MPM applications in B2B service companies are company structure; strategy, goals and alignment; management support; cross-functional support; organisational processes; status of marketing; knowledge of staff; partner relationships and technology. Contrary to the prior research, the findings also suggest that the marketing budget merely imposes the extent of action available for MPM implementation processes, but it does not particularly hinder MPM.

Further still, the findings suggest that there are pertinent differences in the mutual emphasis of the factors. Within all the corporate context factors noted here, the findings propose that the factors that relate to organisational culture and social structures do affect MPM applications more than other factors in the corporate context. Hence, management support, the cross-functionality of departments, and the status of marketing, for instance, are recognised as vital factors, either fostering or hindering MPM processes. The corporate-level factors affect the MPM design directly and define how successful the MPM implementation process is, for example, the timeframe and workload of a MPM implementation project. If the corporate-level factors foster MPM applications, then the implementation process is likely to be focused and have a reasonable timeframe, whereas when there are several hindering factors for MPM, the implementation process may end up being too long-drawn or costly.

Interestingly, these findings argue that corporate-level factors influence MPM applications not only at the beginning of the MPM implementation processes but also when developing existing processes in the later phases of MPM implementation. Moreover, many of the factors also overlap. Therefore, a successful application of MPM requires contemporary attempts to develop the status of marketing, creating possibilities for cross-functional collaboration, as well as getting the buy-in and support from management, for instance. Accordingly, developing MPM may require simultaneous changes in multiple of corporate-level factors in order to be developed in a robust way. For instance, a silo organization can be disassembled by changing the organisational structure to support new internal processes and enhance the cross-functionality of departments, which will then mutually foster MPM applications. These findings of this set of factors and their interrelationships complement the prior MPM literature with a more contextual understanding about MPM. Furthermore, understanding the mutual emphasis of the corporate-level factors broadens the prior academic understanding on how an organization's internal designs influence MPM design.

7 CONCLUSIONS

This study suggests that there is no typical MPM process, but rather the MPM process should always be adopted to fit each company specific context. However, the MPM processes in B2B service companies do have some recurrent features that describe their particular industry characteristics. Furthermore, there are several factors in the task environment and corporate context that affect the MPM design. In the context of B2B service companies, five industry level factors and nine corporate level factors that influence the successful application of MPM were identified.

7.1 Theoretical contributions

The existing MPM knowledge has seemed inadequate for several reasons. First, there has been little consensus as to which activities should be included in the MPM (Homburg et al. 2012; Morgan et al. 2002; Ittner & Larcker 2001; Hoque & James 2000). Secondly, the existing marketing literature does not explain how the context is affecting the MPM process and its successful application although it has been acknowledged that MPM ability depends on the circumstances of particular industries (Webster et al. 2005, 37). This study, however, does makes three important contributions to this topical research domain.

The study shows that there is no typical MPM process that can fit all organisations. Rather the MPM process should always be adopted to each company's specific context. This conclusion concurs with earlier findings that say MPM is context-contingent (Frösen 2013; Morgan et al. 2002), wherein the MPM process and the metrics should reflect company-specific factors and be contextual in nature. While no typical process for MPM could be recognised here, this study does identify certain recurrent features that describe how the MPM processes fare in the specific context of B2B service companies. By so doing, it is one of the firsts to respond to the MPM-related research priorities in service and B2B marketing domains (e.g. Lilien 2016; Ostrom et al. 2015).

The study responds to the ongoing calls for further context-specific studies and understanding of MPM (Frösen 2013; Homburg et al. 2012), and also fills a prevailing knowledge gap by providing key empirical evidence for the theorised links between the industry-specific factors affecting MPM, the corporate-level factors emphasised in this context, and the emerging possible initiators for MPM implementations that are not yet acknowledged in the MPM research. Moreover, this study visualises these relationships through a framework that comprises the MPM ecosystem with its context-contingent factors on different levels. Hence, this study contributes by providing a framework that enriches the prior MPM models that are universal, largely derived from the B2C industry,

thereby not sufficiently considering how business or industry contexts affect MPM applications (Frösen 2013; Morgan et al. 2002). Furthermore, the study offers further understanding on how the context is affecting the MPM process and its successful application by showing how B2B service companies are aligning their MPM efforts with their internal and external environment factors (Homburg et al. 2012; Morgan et al. 2002).

This study is presumably the first of its kind to apply contingency theory within MPM research to understand which contingencies in the business or industry context affect MPM applications. The conceptualisation of this study by fitting contingency theory into MPM research provides the overall MPM research with a more integrative and holistic approach, while acknowledging the interdependent nature of strategic management and the marketing research when studying MPM. By gaining further understanding of the MPM processes with an emphasis on understanding the factors that are affecting MPM application and reflect managerial practice, this study responds to the prevailing gap between theoretical and managerial understanding of the key contingencies and environmental constructs that are affecting the current successful application of MPM (Morgan et al. 2002; O'Sullivan & Butler 2010).

7.2 Managerial implications

This study gives marketing managers more knowledge of the MPM process and the factors that can affect its successful application. Those B2B service companies that consider measuring their marketing performance in order to improve their competitiveness, develop their marketing or grow their business, but also lack the knowledge of how or where to start that complex project can utilise the findings of this study. They can concentrate their resources and actions on those factors that are more significant for the successful application of MPM. This study is not attempting to propose best practices or guidelines for the actions of MPM, but instead represent the recurrent MPM features in the context of B2B service companies in order to offer guidance to other companies within that same context and find the strengths and weaknesses of their present practices and thus proceed positively.

There is no typical marketing performance measurement process that considers the industry norms and specifics of B2B services and explains how the marketing activities translate into financial performance. Nevertheless, the study does imply that it is important for B2B marketing managers to consider their buyer's journey or their decision-making process along with sales and management to gain a mutual understanding of the MPM process. That process comprises the customer journey from attraction to acquisition and relationship management in addition to mutually understanding the mechanisms that translate marketing and sales activities into business outcomes. Moreover, collaborative

performance targets, processes, and culture are also vital when applying MPM successfully.

This study presents a comprehensive model that provides managers with a list of industry- and corporate-level factors that can influence the successful application of marketing performance measurement. These factors help a company understand which contingencies affect MPM utilisation and can provide guidance to managers on where to direct their development resources. Although companies that are operating in the same context are not homogenous and thus there may be differences in the execution of the factors in different companies, the framework still does guide managers when investigating the scope and scale of their own MPM projects together with a set of factors to use to focus on continual improvement when building an organisation that supports performance- or data-driven marketing and sales. Given the set of fostering or hindering MPM factors as represented in this study, marketing managers in B2B service companies may get a head start when successfully configuring their organisation to support MPM applications and there make more informed decisions regarding their own MPM.

7.3 Limitations and further research

This study is not without its limitations. First, because of time and resource constraints, this study is a single market study and by design was limited to multiple cases from Finland. Although studies that focus on a single industry tend to identify larger effects and clearer relationships among the focused constructs (Ketchen et al. 1997), the extant research scope of Finnish B2B service companies is considered as a limitation of this study. Furthermore, the sample of the study – ten case companies operating in B2B service field and applying MPM – obviously is not a complete list of all B2B service companies in Finland. Accordingly, the sample represents moderately mature MPM companies, and thus, further studies will be needed to verify the state of MPM application and its underlying factors for all B2B service companies in the market. To ensure that the findings of this study are generalisable, this research needs to be replicated so as to deliver a broader and more international perspective. Furthermore, this study relies entirely on senior marketers as its key informants. Hence, it is also suggested that the findings of the study are accordingly further proven by including a larger scale of sales and management practitioners in any further research.

Secondly, studying a multi-dimensional research phenomenon using explorative methods is not without its own limitations. Since this study is one of the first attempts at understanding the contextual nature of MPM, its aims was to explore new issues about an existing phenomenon, but in a new context. Therefore, it applies the abductive qualitative case study approach, wherein the perspective is systemic and holistic to provide a more

versatile understanding about a network of relationships between a host of events and its related factors (Gummesson 2003). The research methodology provided several emoluments for the study and its contributions. Nevertheless, further quantitative research is needed to confirm the propositions and establish an unambiguous causal relationship between the variables. Even with these limitations, however, this study is a good starting point for further research on the contingency factors that are affecting the successful application of MPM. It also opens up an exciting avenue of future research on the contextuality of MPM. To gain more detailed understanding about the research domain and further bridge the gap between theoretical and managerial understanding of MPM, the effort offers several suggestions for further research on this particular domain.

This study sheds light on the MPM practices of B2B service companies' utilising MPM at least on a moderate level, but also emphasises the understanding of affecting factors over MPM practices. Since it is acknowledged that companies are not homogeneous even within the same context, it is suggested that future research broaden this research scope to include also those B2B service companies not yet applying MPM practices in order to gain better understanding about the whole population and the national state of MPM practices in that context. By utilising, for example, capability maturity models for a bigger sample of companies with various MPM maturity levels and consequently evaluating the factors that are affecting MPM practices, one may acquire valuable understanding about the development stages of MPM and how the combinations of factors can vary based on the MPM maturity levels.

The focus of this study was to identify and empirically test the factors that affect the MPM process on a rather abstract level, yet omitting their development or reconciliation. By narrowing the research scope to studying the individual factors within this study, one gained further and more detailed understanding about the individual influence of different industry- or corporate-level factors on MPM practices and their reconciliation. This kind of research could provide more practical evidence on the mechanisms used for fostering and hindering factors and how to reconcile their development to successfully apply MPM. Accordingly, future research might focus on the mechanisms for how the identified initiators foster companies to make the initiative start when implementing MPM and whether these can be manipulated or configured differently. Furthermore, more research is needed to investigate the interrelationships of these multiple factors and how they affect MPM applications. This process could be accomplished via configuration theory-based approaches, that are already widely used in organisation theory and strategic management research.

Finally, the empirical findings herein imply that although there is no universal model that B2B service companies now use, they all have some kind of understanding about the hierarchy of the effects of MPM, which are based on the customer's buying journey. The

MPM models, as represented in this study, are to date rather theoretical, company-focused, and do not consider the customer's decision-making process. On the other hand, the prior marketing literature does acknowledge other marketing strategy models (e.g. AIDA or REAN) that are more customer-focused though not designed for MPM purposes. Integrating these marketing models and customer path models is the final suggestion offered here for further research, since the integration of these models would provide greater in-depth understanding that can reflect even more managerial practice, action and success of MPM.

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APPENDIX 1: A PRELIMINARY LIST OF THE FACTORS THAT AFFECT MPM IMPLEMENTATION

<i>Factor</i>	<i>Source</i>
Alignment with corporate goals and processes	Clark, Abela, Ambler 2006
B2B vs B2C oriented	Mintz & Currim 2013 Frösen 2013
Business sector, industry	Ambler et al. 2004 Farley et al. 2008
Business strategy	Said et al. 2003 Lamberti and Noci 2010
Communication with top management	Morgan et al. 2002
Company culture	Chaffey & Patron 2012
Company size	Mintz & Currim 2013 Lamberti & Noci 2010 Ambler et al. 2004 Frösen 2013 Barwise & Farley 2004 Vorhies & Morgan 2003
Competitor attributes	Morgan et al. 2002
Conflict of interest between departments	Chaffey & Patron 2012
Country setting	Barwise & Farley 2004 Ambler & Xiucun 2003 Grewal et al. 2009 Ambler 2003
Customer attributes	Morgan et al. 2002
Data analysis and bringing to use	Sharma & Achabal 1982
Difficulty in gaining cross-functional support	Ambler 2003
Diversity of markets	Ambler 2003
Environmental/task uncertainty	Morgan et al. 2002
Ever-changing organisational structure	Ambler 2003
Executive support	Ambler 2003
Firm's expertise in collecting, analysing and disseminating data	Frösen 2013
Goods vs service oriented	Mintz & Currim 2013 Frösen 2013
Ill-defined objectives (not aligned with strategy)	Morgan et al. 2002
Inadequacies in understanding of MPA system and its implementation	Morgan et al. 2002
Industry dynamics	Morgan et al. 2002
Industry lacks enough experienced personnel	Chaffey & Patron 2012
Information availability	Morgan et al. 2002
Insufficient infrastructure	Jeffery 2010
Lack of conceptual understanding of marketing	Ambler 2003
Lack of ownership	Chaffey & Patron 2012
Lack of strategy	Chaffey & Patron 2012
Limited understanding	Jeffery 2010
Management cooperation with marketing efforts	Morgan et al. 2002
Market orientation	Mintz & Currim 2013
Marketing goals	Morgan et al. 2002
Marketing power within the company	Lambert & Noci 2010
Marketing's competitive means	Morgan et al. 2002
Metric-strategy alignment	Ambler 2003
MPM ability: Firm's ability to measure MPM	O'Sullivan & Butler 2010
No senior management knowledge	Chaffey & Patron 2012
Non-supporting internal processes	Jeffery 2010
Overwhelmed with data / don't know where to start	Jeffery 2010
Poor integration between systems	Chaffey & Patron 2012

Poor performance appraisal and review	Morgan et al. 2002
Poor response and corrective action processes in MPM	Stewart 2009
Poor technology	Chaffey & Patron 2012
Qualified specialists	Morgan et al. 2002
Senior management having inadequate knowledge and confidence in marketing's performance	Morgan et al. 2002
Silo organisation	Chaffey & Patron 2012
Size of marketing budget	Chaffey & Patron, 2012 Stewart 2009 Foster & Gupta 1994 Sheth & Sisodia 1995
Technical barriers	Ambler 2003
Understanding of marketing	O'Sullivan & Butler 2010

APPENDIX 2: AN OPERATIONALISATION TABLE

Research purpose	Research questions	Themes	Interview questions
Understand the factors that affect the successful application of marketing performance measurement in B2B service companies	What constitutes a typical marketing performance measurement process?	MPM in a case company	<ul style="list-style-type: none"> • What does marketing performance measurement mean in your opinion (in actual practice)? • Describe in your own words: how MPM is measured in your company? • Are there recognisable stages in the process? Is the process being documented? • What do you think is the maturity level of MPM in your company? • How long has MPM been measured in your company? • Who is participating and/or involved in the MPM process in your company (departments, teams, personnel)? • Who is responsible for marketing performance and its measurement?
	<p>Which factors either foster or impede the application of the marketing performance measurement process?</p> <p>What are the particular features of B2B service companies that may influence the successful application of marketing performance and its measurement?</p>	B2B service company in the context of MPM / Corporate context and MPM	<ul style="list-style-type: none"> • Does the company context affect how MPM is implemented in a company? How and why? • Are there some particular features in the B2B service company sector, as defined by the market or the industry that influence how MPM should be applied? Or do you think that specific company internal factors influence MPM applications? • What factors in your B2B service operational environment or in your internal environment has

		<p>Strategy, goals, competitive means, and alignment</p> <p>Design, structure & processes</p>	<p>have either fostered or impeded MPM implementation?</p> <ul style="list-style-type: none"> • What kind of challenges have you overcome on MPM implementation? What factors were fostering/impeding that implementation? • Can you describe which factor(s) became the initiative to start applying MPM? Why and how? • Describe in your own words whether/how the chosen (marketing/sales/company) strategy and its alignment when in actual practice affected MPM implementation? How and why? • Do you think your company goals and targets affect MPM application? How and why? • Have you had any challenges in MPM implementation related to company strategy or targets? • Describe in your own words whether and how the company structure and internal processes (e.g. resources and budget, inter-departmental processes) have affected MPM implementation? How and why? • Are there challenges/enablers related to the implementation of MPM when it comes to organisation design, structure, and processes? • Describe in your own words whether and how your company culture and social systems (e.g. management support, stature of
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APPENDIX 3: THE INTERVIEW GUIDE

Background information of the company and the interviewee:

- The size of the company (personnel and the revenue of the B2B service business)
- Industry
- Relative marketing budget: 0-5% / 6-1% / 12-17% / 18->% of annual revenue
- Describe briefly your area of responsibility in the company
- How relevant is MPM to your job?

Theme 1: Marketing performance measurement in the case company

1. What does marketing performance measurement mean in your opinion (in actual practice)?
2. Are the performance and the effectiveness of marketing activities measured in your company?
3. Describe in your own words: how MPM is measured in your company?
4. Are there recognisable stages in this process? Is the process documented?
5. What do you think is the maturity level of your company regarding MPM?
6. How has MPM been measured in your company?
7. Who is participating and/or involved in the MPM process (departments, teams, personnel)?
8. Who is responsible for the marketing performance and its measurement?

Theme 2: B2B service company as a task environment and the context of MPM

9. Does the company context affect how MPM should be implemented in a company? How and why?
10. Are there some particular features of the B2B service company sector (defined by the market or the industry) that influence how MPM should be or is applied? Or do you think that instead certain company specific internal factors influence MPM applications?
11. What factors in your B2B service operational environment or in your internal environment have fostered or impeded MPM implementation?
12. What kind of challenges have you overcome regarding MPM implementation? What factors fostered/impeded this implementation?
13. Please describe what factor(s) produce the initiative to start applying MPM? Why and how?

Theme 3: Corporate context and MPM

14. Describe in your own words how the company strategy and goals have affected the MPM implementation? How/why?
 - a. Are these fostering/impeding factors in company strategy and goals related to MPM implementation?
 - b. Is the MPM process affected by the chosen marketing/sales/company strategy or its alignment? How/why?
 - c. Is the MPM process affected by the company targets and goals or their alignment, e.g., with the goals of marketing/sales? How/why?
15. Describe in your own words how the company structure and its internal processes (e.g. good/limited resources or budget, processes that support or do not support learning) have affected the MPM implementation? How/why?
 - a. Are there any fostering/impeding factors in the company structure and internal processes when it comes to MPM implementation?
16. Describe in your own words how the company culture and social systems (e.g. management support, stature of marketing) have affected the MPM implementation? How/why?
 - a. Are there any fostering/impeding factors in your company culture and social systems and MPM implementation?
17. Describe in your own words how the competence, skills and resources in your company have affected the MPM implementation? How/why?
 - a. Are there any fostering/impeding factors in terms of competence, skills, and resources that relate to or influence MPM implementation?

Other

18. Are there any other themes, discussions, or topics you think are related to MPM applications and implementation that you would want to offer and still discuss?
19. Is there an essential issue you think we have missed regarding MPM and a B2B service business?

APPENDIX 4: FACTORS THAT INFLUENCE MPM IN B2B SERVICE COMPANIES

<i>Factor</i>	<i>Level of factor</i>	<i>Empirical findings</i>	<i>Mentioned in prior literature</i>
Organisational buying behaviour (OBB)	Industry-level	Several channels, touch points and stakeholders are making MPM complex and fragmented.	Kotler et al. 2012
Length of the negotiation cycles	Industry-level	The time span of marketing and sales activities is typically rather long, but rarely fixed, and that challenges MPM settings.	Lilien 2016 Kotler et al. 2012 Ellis 2011
Target group characteristics	Industry-level	A smaller customer base, large supplier power and ABM affect the level of maturity, sophistication, and formality of the MPM systems.	Frösen 2013 Kotler et al. 2012 Webster 1978
Relationship focus	Industry-level	Relationship focus and supplier-customer cooperation calls for longer-term customer-based measures in MPM.	Ellis 2011 Zahay & Griffin 2010 Cousins & Lawson 2007
Type of offering	Industry-level	The typically customised, modularised or bundled service offering is challenging MPM definitions, e.g., in terms of average deal value or comparisons.	Grönroos 1995 Webster 1978
Company structure	Corporate-level	Company structure should support cross-functional work and not enforce a silo effect.	Ambler 2003
Strategy, goals & alignment	Corporate-level	The state of a company's strategy, goals, and alignment with marketing practices affects MPM practices. Poorly aligned strategy and goals hinder MPM practices, whereas MPM practices can actually clarify strategy implementation.	Clark et al. 2006 Morgan et al. 2002
Management support	Corporate-level	Management's lack of interest or knowledge hinder MPM practices, whereas mutual trust and support foster MPM.	Chaffey & Patron 2012 Webster et al. 2005 Ambler 2003
Cross-functional support	Corporate-level	The cross-functionality of sales, marketing, and management derives through joint processes, responsibilities, and performance targets to foster MPM.	Chaffey & Patron 2012 Izvercianu & Buciuman 2012 Ambler 2003
Organisational processes	Corporate-level	Development and redesign of internal processes are both necessary for consistent and stable MPM practices from the first initiatives of MPM to the long-term success of MPM.	Frösen 2013 Morgan et al. 2002 Sheth & Sisodia 1995
Status of marketing	Corporate-level	The status of marketing will shape and define what's expected from marketing and MPM. The role and status of marketing may be a sales support function or a driver of business growth.	Lamberti & Noci 2010 O'Sullivan & Butler 2010 Webster et al. 2005
Knowledge of staff	Corporate-level	MPM implementations require sufficient knowledge of data and insights, which are not always available in-house or are limited.	Jeffery 2010 Morgan et al. 2002
Partner relationships	Corporate-level	Partners are typically used to supplement any scarce in-house resources and the knowledge in MPM.	Inductively emerging
Technology	Corporate-level	Technology is an enabler for MPM if one knows how to utilise the systems, but it hinders MPM applications in case one does not understand the technological infrastructure behind all the actions.	Chaffey & Patron 2012 Jeffery 2010 Ambler 2003