Assessing Marketing Strategies of Enterprises by Using Color Based Marketing Strategies (CBMS) Model

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Abstract

Marketing is one of the most crucial functions of enterprises. Survival of enterprises in the complex environment of today's business world depends mainly on the comprehensive understanding of the market and development of successful marketing strategies. The objective of this study is to provide a simple visual framework for identifying the perceived typology of companies as part of a larger model to assess the congruence between the perceived versus intended positioning of companies. The proposed Color Based Marketing Strategies (CBMS) model interprets the image formed as a result of the marketing strategies of an enterprise as a vector in a 2D Cartesian coordinate system where it's vertical dimension ranges from *Extrovert* to *Introvert* and horizontal dimension ranges from *Conservative* to *Innovative.* Four zones of the proposed coordinate system are illustrated with colors where yellow, red, blue, and green refers to *Conservative Introvert*, *Innovative Extrovert*, *Conservative Extrovert*, and *Innovative Introvert* respectively.

This study includes both the basic concepts of the CBMS Model and an application of the model on a sample group of well-known consumer brands in various industries. The current study focuses on the external perceptions of a sample of individuals. Thus, the obtained results do not necessarily indicate the actual marketing strategies of selected enterprises but how they are perceived by public. Although CBMS is a simple model, it is an effective tool for the comprehensive evaluation of marketing strategies. Through this study we seek to provide a easily understandable and applicable tool for marketing decision makers.

Keywords: Marketing strategies, marketing, marketing typology

1   INTRODUCTION

Given the turbulence and complexity of the market place stemming from demands of customers and shareholders for superior performance, fiercer competition, as well as escalating public pressures for ethical standards and corporate social responsibility initiatives; companies find themselves forced to adopt market-driven strategies (Day, 1994, Cravens and Piercy, 2009).

Doyle (2000) argues that enhancement in customer values is the prime route for delivering share holder value.

Determining distinctive capabilities, matching them with customer values requirements to achieve better performance than competition seem to be keys to success in marketplace. Slater and Narver (1994) state that "a business is market oriented when its culture systematically and entirely committed to the continuous creation of customer value". As for Day (1990), market-orientation calls for developing superior organizational skills in understanding and satisfying customers and basing the strategy of the organization on this premise. This perspective results in adoption of a strategic marketing approach. Strategic marketing is the collection of all the activities for delivering superior customer and shareholder value by accepting marketing as the responsibility of the entire organization as opposed to a specialized function according to (Cravens and Piercy, 2009).

Strategic marketing also includes defining a competitive strategy for the firm. A brief reminder of the literature on competitive strategies is perhaps necessary at this point to understand the interrelations of the key elements of the model that we will be proposing in this study: One of the best known classifications on competitive strategies was developed by Porter (1980) almost three decades ago. In his classification Porter presents three winning and one losing approach:

- *Overall Cost Leadership* to achieve lowest production and distribution costs;
- *Differentiation* to ensure a leading position through highly distinctive product lines and marketing programs;
- *Focusing* on a few market segments well as opposed to serving the entire market.
- *A middle-of-the-road approach*, according to Porter (1980), would not result in a clear strategy and thus would not result in success.

The second popular competitive strategy was developed by Treacy and Wiersema (1993). They had observed that successful firms adopt at least one of these *value disciplines* in their competitive strategy formulations.

- *Operational Excellence* to deliver superior values by leading the firms' respective industries in price and convenience by managing production and distribution cost structures efficiently;

- *Customer Intimacy* through precise segmentation of marketing and tailoring the product range according to the specific needs of the market by maintain a close relationship with customers; and
- *Product Leadership* by offering a continuous stream of leading-edge products and services.

These models both underline the importance of listening to the voice of the market and develop new products- in terms of goods, services, and other marketing processes to meet the ever escalating challenges and demands of the market. Our proposed model refers this phenomenon as *innovation*. Aracı and Gulenç (2009) view innovation as a manageable source of sustainable competitive advantage. Fagerberg et al. (2005) define innovation as the processes for creation of something qualitatively new through knowledge building. Finally, Drucker (1985-2) stresses the double impact of innovation by referring it as "…the effort to create purposeful focused change in an enterprise's economic and social potential".

Another key trend that has become more and more relevant in the global business scene is the public pressure on firms to adopt more ethical business practices as well as fulfilling corporate social responsibilities. Levitt (1983) had pointed out the dilemma faced by managers by asking " Which is a more important corporate objective: making a profit or obtaining and keeping customers?". Grewal and Levy (2008) define this dilemma as how to balance shareholder interests and the needs of the society. Svensson and Wood (2007) argue that organizations' attempts to apply sound ethical practices must be continuous and dynamic process.

Given the changing climate of corporate marketing communication processes where the flow of information has become a multidirectional process thanks to the development of second generation Internet (Web 2.0). Consumers can now communicate with the companies and with co-consumers more easily and freely than ever. (Kotler and Armstrong, 2008). Therefore, maintaining high ethical and social responsibility standards may not generate much hype among consumers, but failing to meet them may result in a severe backlash among critical publics. This points is to stress the importance of adopting an open, transparent and accountable perception for the firm which will be terming as *extraversion* throughout the study.

The proposed Color Based Marketing Strategies (CBMS) model interprets the image formed as a result of the marketing strategies of an enterprise as a vector in a 2D Cartesian coordinate system where it's vertical dimension ranges from *Extrovert* to *Introvert* and horizontal dimension ranges from *Conservative* to *Innovative*. This study includes both the basic concepts of the CBMS Model and an application of the model on a sample group of well-known consumer brands in various industries. The current study focuses on the external perceptions of a sample of individuals. Thus, the obtained results do not necessarily indicate the actual marketing strategies of selected enterprises but how they are perceived by public. Although CBMS is a simple model, it is an effective tool for the comprehensive evaluation of marketing strategies. Through this study we seek to provide an easily understandable and applicable tool for marketing decision makers.

Our study will be composed of four sections: an extensive literature review, the introduction of the model, a preliminary application and its results and the conclusion and further research directions.

2. LITERATURE REVIEW

2.1 Organizations and Living Organisms

Over the past thirty years, the idea that organizations can be associated with living organisms has been studied in various publications, courses, seminars and workshops. Many researchers and academicians have compared organizational behavior to that of a living organism (e.g. Keeley, 1980; Young, 1990; Bloom, 1995; Pech, 2001). As the common aim of both the organism and the organization is to increase the probability of survival, this comparison seems rational. Young (1990) defined economic system as a living organism, since it grows and evolves through successive adjustments and adaptations. Likewise, the stress response behaviors in organizations have been found as similar to stress response behaviors of organisms (Pech, 2006). In 1958, March and Simon described; the high specificity of structure and coordination within organizations marks off the individual organization as a sociological unit comparable in significance to the individual organism in biology. Similar to living organisms, organizations develop, grow, learn, satisfy their needs, interact, couple, reproduce, die, evolve and so on (Keeley, 1980). This resembles the life cycle theory which claims that every company has a life

cycle. There are five phases; startup (or birth), growth, decline and renewal or, at some point, death (Levitt, 1965; Day, 1981; Dhalla and Yuspeh, 1976). Taking all these literal comparisons into consideration organizations are frequently linked to biological organisms for purpose of analysis.

Besides, being emerged at the same century, most of the insights of business management are derived from the study of the human psychology (Fekete, 2003). Though, psychological concepts have been in use for a long time to define management phenomenon, organizations are started to be defined by human attributes recently. So besides describing an organization in terms of products and services it provides, number of employees, annual revenues or market share, researches and management consultants highlights the need for a wiser specification just like a character analysis of an individual. Like people, organizations do live in an environment which they persistently interact. In addition, the existence of an organization is closely linked with this environment. As it is important to determine how the organization is sensed and felt by the environment (Fekete, 2003), familiar human concepts like personality, can be attributed to an organization to understand these perceptions better. Hence, this study matches with the earliest trait theories that was introduced by Jung (1976) and redefined by Myers and Briggs (1980).

2.2 Extroverted versus Introverted Company

Jung (1976), a contemporary of Sigmund Freud and a leading exponent of the school of thought on personality theory, proposed that consciousness have four main functions; two of them being perceiving functions (Sensation and Intuition), and the other two being judging functions (Thinking and Feeling). The functions are modified by two main attitude types: extroversion and introversion. The terms introvert and extrovert show how a person orients and receives energy. Those who prefer Extraversion are drawn to the outside world as their elemental source of energy. The extroverted is outgoing, sociable person with preferred focus on other people and things. Things, other people, places and activities going on in the outside world create the necessary life force for such people. In contrast, those who prefer Introversion draw their primary energy from the inner world of information, thoughts, ideas, and other reflections.

In her book Companies Are People Too, Fekete (2003) argues that personality trait scan can be attributed to companies. Just as individuals can be either extroverted or introverted, companies have a personality. While some organizations are very vigorous and open to changes, others are

more traditional and bureaucratic. These preferences are affected by the organizational focus that is shaped by founders' desires, company size and age, geographical scope, regulations, market conditions and management.

Organizational focus being derived through external factors, including markets, competitors, partners, and customers keep these companies in constant communication with their outer environment. These types of companies are usually found in highly competitive industries where collaboration and outsourcing are crucial for success (Fekete, 2003). The extroverted organizational focus of the company is further expressed in its open commitment to social responsibility.

Some companies have an introverted sensibility focused on its employees, inventions and values. Fekete (2003) argues that introverted companies emerge primarily on the cutting edge of new technology, in specialized consumer markets and where creativity is important.

2.3 Innovative versus Conservative Company

In the new economic order with continuous technological change and easily bored customers, rapidly circulate around products and services, innovation seems as a must for organizations. Stenberg and Arndt (2001) identify innovation as a key driving force of regional as well as national economies in the current phase of economic globalization. Before the 19th century, when individuals and communities were not in solid communication, innovation proceeded at an imperceptible pace. Since, social and economic change started in the middle of this century is accelerating and spreading more than ever (Imparato & Harari, 1994), innovation appears as one of the major business functions in today's world. Similarly, Davila et al. (2006) characterizes innovation as a business functions that requires specific tools, rules, and discipline.

Peter Drucker (1985) describes innovation as the act which provides resources with a new capacity to create wealth. Therefore, the management task is both to utilize organization's existing resources more efficiently and to create new resources in order to ensure future wealth. The process of continuous improvement for wealth creation is directed into two specific areas. The first relates to activities which reduce costs through improved efficiencies such as improved use of resources and the removal of inventory and reduction of waste (Jenkins, 2004). The second area relates to activities which improve the value of the product or service in the eyes of the

customer. As, in the today's world of rapid change in customer taste and economic environment, continuous innovation is a must rather than a need in order to have a competitive edge. According to Hamel (2000), if one does not innovate, the revolutionaries will take one's markets and customers, then one's best employees and finally one's assets.

For many, innovation is associated with R&D departments, high technology companies and the creation of new products. However according to Hamel (2000), an innovation can be a product or process, but the most powerful innovation is a new business concept that creates new wealth. In his book *Innovation and Entrepreneurship,* Drucker (1985) defines innovation as an act that gives something economic value. More broadly, as Luecke and Katz (2003) state: '' Innovation is the embodiment, combination, or synthesis of knowledge in original, relevant, valued new products, processes, or services.'' So, innovation does not always have to be technical but rather it should increase efficiency of resources or the value and satisfaction obtained by the customer. The ability to innovate is theoretically constructed on several cognitive levels that include the individual, the process and the organization (Deardoff, 2005). Innovation is dependent on a "system of patterns" (Oshry, 1996) and relationships among the organizational members. For innovation to take place the members of the organization should be in need of new concepts and ideas. Drucker (1985) observes that successful innovations are realized by cross-functional teams with people from marketing, manufacturing and finance participating in research work from the very beginning. Hence, the collective knowledge, insights and skills of the individuals in an organization make all the difference to innovation. Besides, companies need to have innovation as a part of their organizational culture. The strong sense of what is appropriate can limit innovation and produce rather conservative products. As Tang (1998) warns, one of the major reasons for innovation failure is the lack of proper organizational development. 'An innovative organization is one in which members of the organization are systematically (with order and method) renewing the organization through innovation as part of their everyday existence. '(Pak Tee, 2004). Coming into question more often recently in business theory, this study focuses on how companies' innovativeness is perceived in terms of the above definitions of innovation.

2   PROPOSED MODEL

Our purpose in this study is to introduce a simple and visual model for the assessment of, how marketing strategies of companies are perceived by consumers. The proposed *CBMS Model* is composed of two complementary units. First is the questionnaire based scale and second is the interface where the model results are displayed.

CBMS Model interprets the perception of an enterprise as a vector in a 2D Cartesian coordinate system where it's vertical dimension ranges from *extrovert* to *introvert* and horizontal dimension ranges from *Conservative* to *Innovative.* Four zones of the proposed coordinate system are illustrated with colors where yellow, red, blue, and green refers to *Conservative Introvert*, *Innovative Extrovert*, *Conservative Extrovert*, and *Innovative Introvert* respectively. The following figure depicts an overview of CBMS Model.
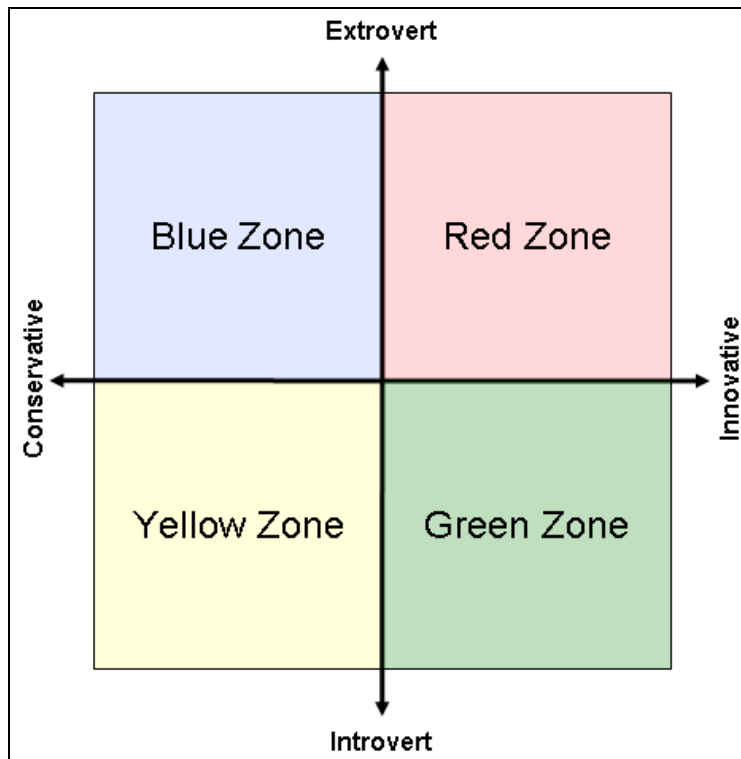

Figure 1 Overview of CBMS Model

CBMS Model prefers to use model dimensions (Innovative, Conservative, Introvert and Extrovert) as umbrella concepts and allows respondents to interpret those concepts flexibly. This approach was criticized for being nonsense and borderless by some scholars at the beginning of this study but we believe these umbrella concepts have implicit frames and the model results will

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serve our research purposes. The reliability and validity results of our application support our confidence in our methodology.

The model introduces four umbrella terms. The first term of vertical axis, "extrovert" mainly addresses a gregarious, sociable and assertive company that intensively interacts with its environment and people. An introvert company, on the other hand, tends to be more reserved, focused on inner resources and in contrast to extrovert companies is less social. These definitions resemble the studies (e.g. Jung, 1921; Eysenck and Eysenck, 1965; Myers and Myers, 1980) where extroversion-introversion is elaborated as central dimensions of human personality. In spite of minor differences the spine of our definitions in this study matches with the essence of psychological explanations common conviction in the society.

Horizontal axis of CBMS Model also introduces two terms to classify companies: Innovative-Conservative. Since these terms have been assessed broadly in the business literature (e.g. Mintzberg, 1983; Behn, 1995; Mckeown, 2008) their interpretations are broadly known. As a summary, innovative companies are characterized by being productive of new systems, new products, new services, new methods or new ideas. On the other hand, conservatives favor traditional views or values and tend to oppose change or innovations (Livvarcin, 2008).

CMBS Model aims to evaluate various dimensions of marketing strategy with four umbrella concepts for simplification. Similarly the model display results also in a simplified manner. Although this facilitation approach might be considered as a sacrifice from the quality and the scope of the study at first sight, in reality it is very beneficial from various perspectives. First, it establishes a bridge between academicians, customer and business people. The gap between result oriented applications and theory based research vanishes with the simplified terminology and simplified graphical results. Either results or the foundations of CBMS model are easily understandable by people without any background in marketing.

Second, companies may use CBMS Model for quick benchmarking. CBMS Model illustrates how various companies are marketing strategy visa perceived by people on the same graphic. By comparing their status with other companies in the field managers may assess their marketing strategies.

Finally, the graphical illustrations of the model results enable companies also to monitor their perceived marketing status and to evaluate the gap between where they are and where they want to be. As shown in the following figure the difference between the intended and perceived

marketing strategy positions addresses a kind of strategic problem which is coined as PIG (Perception Intention Gap) by the authors.
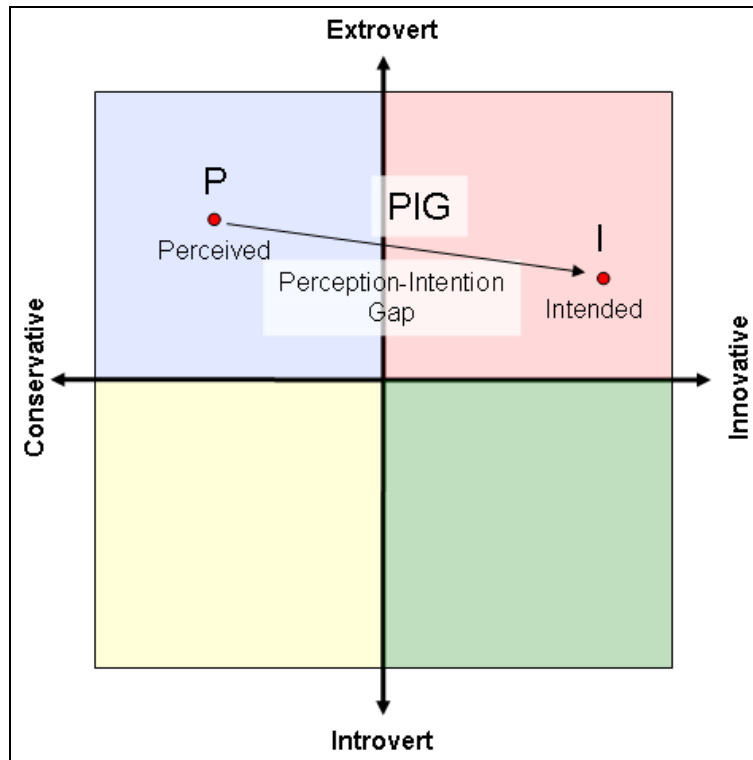

Figure 2 Overview of CBMS Model

This particular study is a kind of demonstration of the proposed CBMS Model and it only measures the perceptions of individuals about particular companies. Intended marketing strategies of selected companies are not known and included in our outputs.

3   APPLICATION AND RESULTS

3.1   Sample

The research was conducted by using the survey method for data collection. The total number of questions asked in the questionnaire is 66. In the first half of the questionnaire there are 6 different questions that repeat for 10 different companies which total 60 questions. Second section is composed of six demographic questions.

The questionnaire includes two instruments composed of three questions. First instruments measures whether the particular company is introvert or extrovert. Second instrument, similarly, measures whether the same company is innovative or conservative.

The empirical analysis was carried out in Turkey on randomly selected 263 people who were not informed about the subject of the study. Both printed questionnaires and internet are used for data collection.

3.2 Methodology

We tested the proposed model with a survey data set from various individuals in Turkey. The sample frame for this study included (5 couples and total) 10 companies randomly selected from the Forbes listing of the largest international firms. Prior to survey a pilot study is realized. A group of business graduate students critically reviewed the questionnaire.

3.3 Reliability and Validity

The questionnaire developed for the assessment of perceived marketing strategies has mainly two types of instruments: One for the measurement of introvertiness-extrovertiness value and one for the measurement of innovativeness-conservativeness value. These two types of instruments are used for 10 select companies as explained in the previous sections. As a summary, twenty (20) instruments each composed of three (3) questions are used during data collection. Both quantitative and qualitative tools are used for the reliability and validity assessment of these instruments. Following table contains the Cronbach's Alpha values of the instruments. All of the Cronbach's Alpha values are calculated to be much greater than 0.7 which indicates high reliability.

Table 1 Cronbach's Alpha values of instruments

	Introvert-Extrovert	Innovative-Conservative
Coca Cola	0,787	0,878
Pepsi	0,829	0,917
Microsoft	0,847	0,948
Google	0,795	0,899

Nokia	0,868	0,959
Samsung	0,887	0,836
Nike	0,847	0,944
Adidas	0,902	0,964
Toyota	0,897	0,959
Mercedes	0,847	0,918

We conducted factor analysis on the survey instruments using the principal factor method with varimax rotation. Factor analysis of each instrument provided a single factor which is composed of three items. All of the eigenvalues for the obtained single items were higher than 1. Following is the table of eigenvalues calculated for twenty (20) instruments.

Table 2 Eigenvalues of single factor items

	Introvert-Extrovert	Innovative-Conservative
Coca Cola	2,114	2,421
Pepsi	2,238	2,573
Microsoft	2,300	2,717
Google	2,148	2,523
Nokia	2,386	2,779
Samsung	2,449	2,383
Nike	2,312	2,698
Adidas	2,513	2,801
Toyota	2,488	2,774
Mercedes	2,421	2,580

After factor analysis each of the instruments originally composed of 3 (three) questions are reduced to a single factor. The percentages of the variance of these single factors are provided in the following table.

Table 3 % of variance for single factor items

	Introvert-Extrovert	Innovative-Conservative
Coca Cola	70,479	80,706
Pepsi	74,600	85,762
Microsoft	76,678	90,575
Google	71,611	84,092
Nokia	79,519	92,625
Samsung	81,630	79,438
Nike	77,052	89,920
Adidas	83,763	93,356
Toyota	82,938	92,454
Mercedes	80,709	85,998

3.4 Results and Findings

After the evaluation of collected survey data we observed that the select companies are cumulated at the upper right corner of CBMS model as illustrated in the following figure.

These results were in line with expectations because all of the analyzed companies were broadly known and successful companies in their fields. Their success was most likely the result of their innovativeness and similarly they were popular because of their extrovertiness.

When these results are further studied through the division of extrovert and introvert axis into Low and High sections, Coca Cola and Pepsi appear in the Low extrovert and Low innovative section. This can be due to people's perception of beverage brands as less innovative when compared with other sector brands. Besides, it is an unexpected finding for these two well-known brands to appear at the low extrovert section as they invest highly on commercials. Therefore, we can conclude that people simply do not perceive advertisements - when not supported by other communication tools- sufficient for an extrovert relationship.

Google, being claimed as the online pioneer in the IT world, appears in the High- extrovert and High-innovative side. On the other hand, Toyota seems to be at the border deviating from the upper cluster. Also, different from Nokia, Samsung is in the lower end of innovativeness

although it is one of the top electronics companies. Nike and Adidas are very close to each other, probably because of the perception caused by their similar marketing strategies.
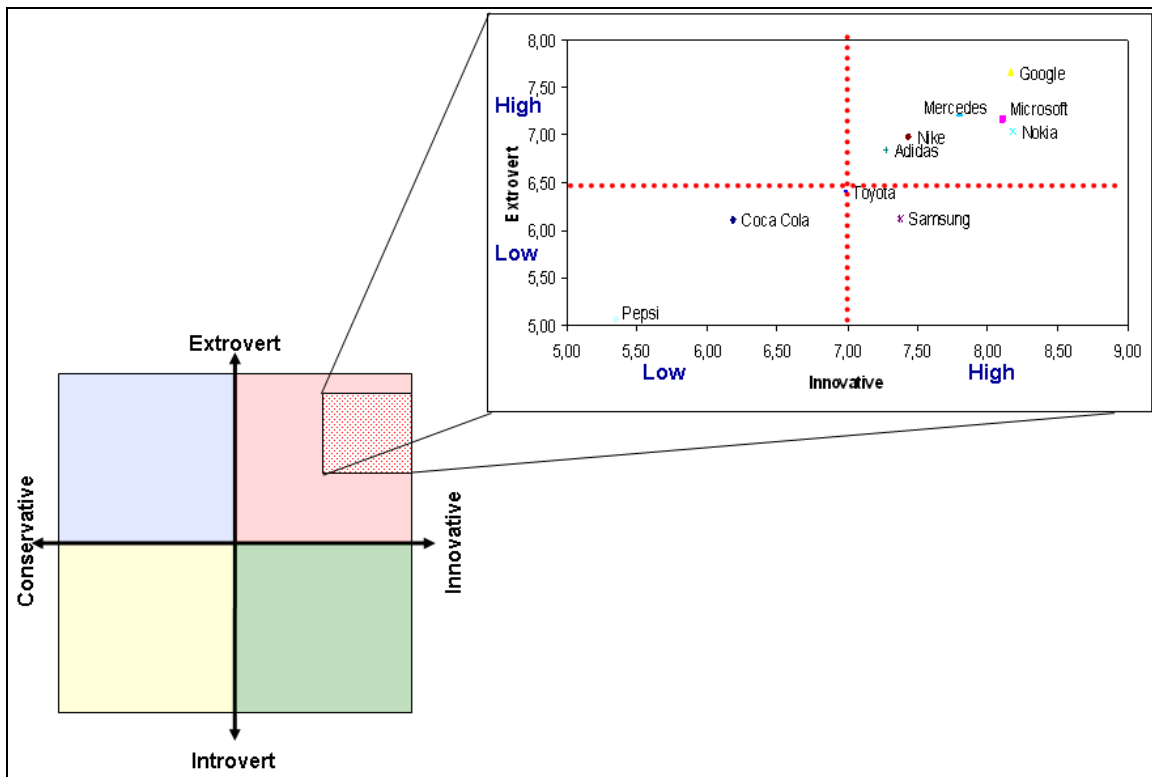

Figure 3 Overview of application results

We also evaluated the affect of gender, education level and income level on the model results. Gender differences did not indicate any significant variance on the results. However we observed education level an income level based changes on the perceived extrovertiness and innovativeness of companies. The results are illustrated in the following figures.
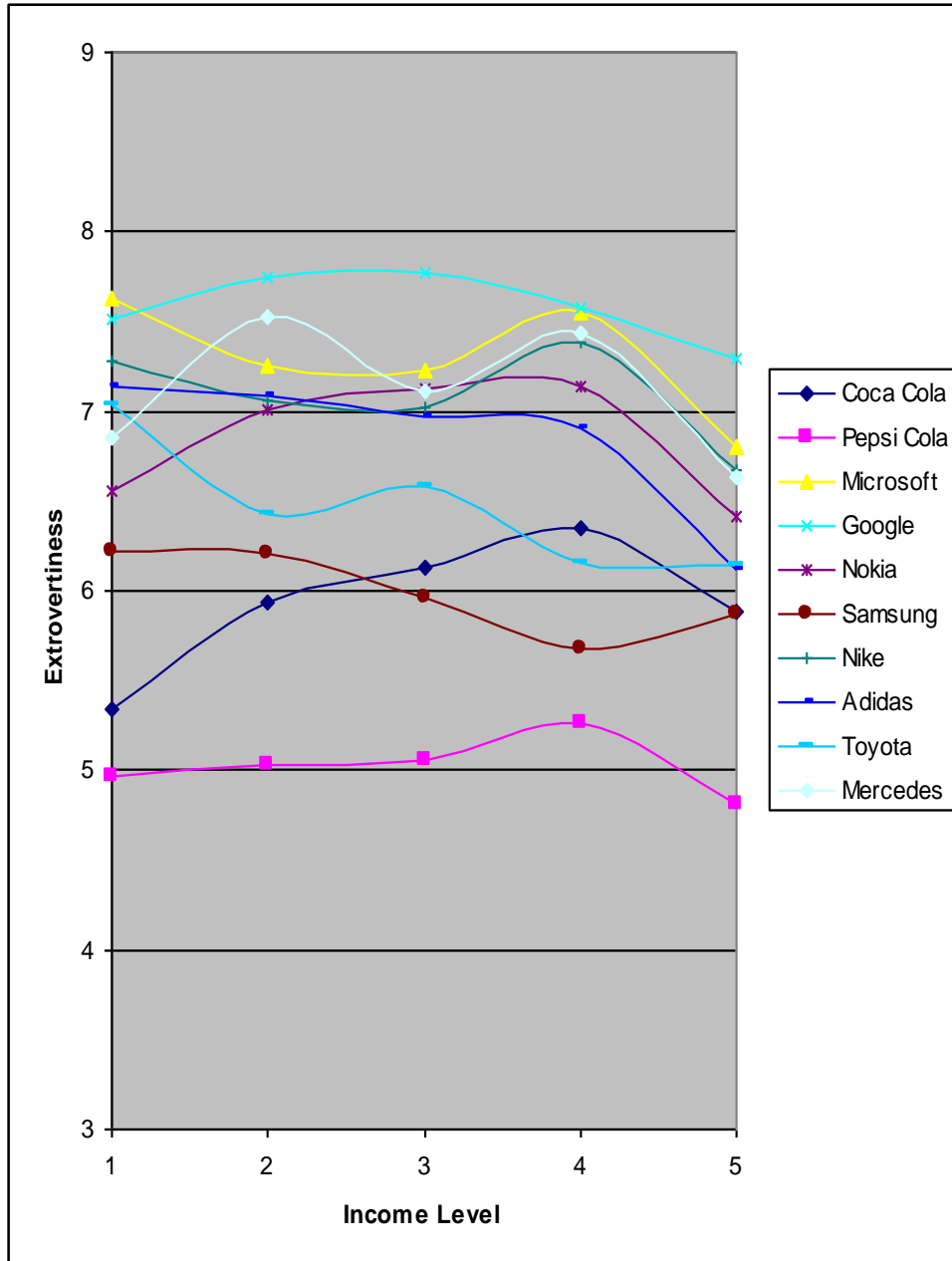
Figure 4 Income level versus perceived extrovertiness of companies

As the above figure illustrates there is no significant variance related to the income level except minor differences. Extrovertiness perception for all companies except Samsung demonstrates decreasing tendency at highest income level. This can be due to the higher expectations of people at that level.
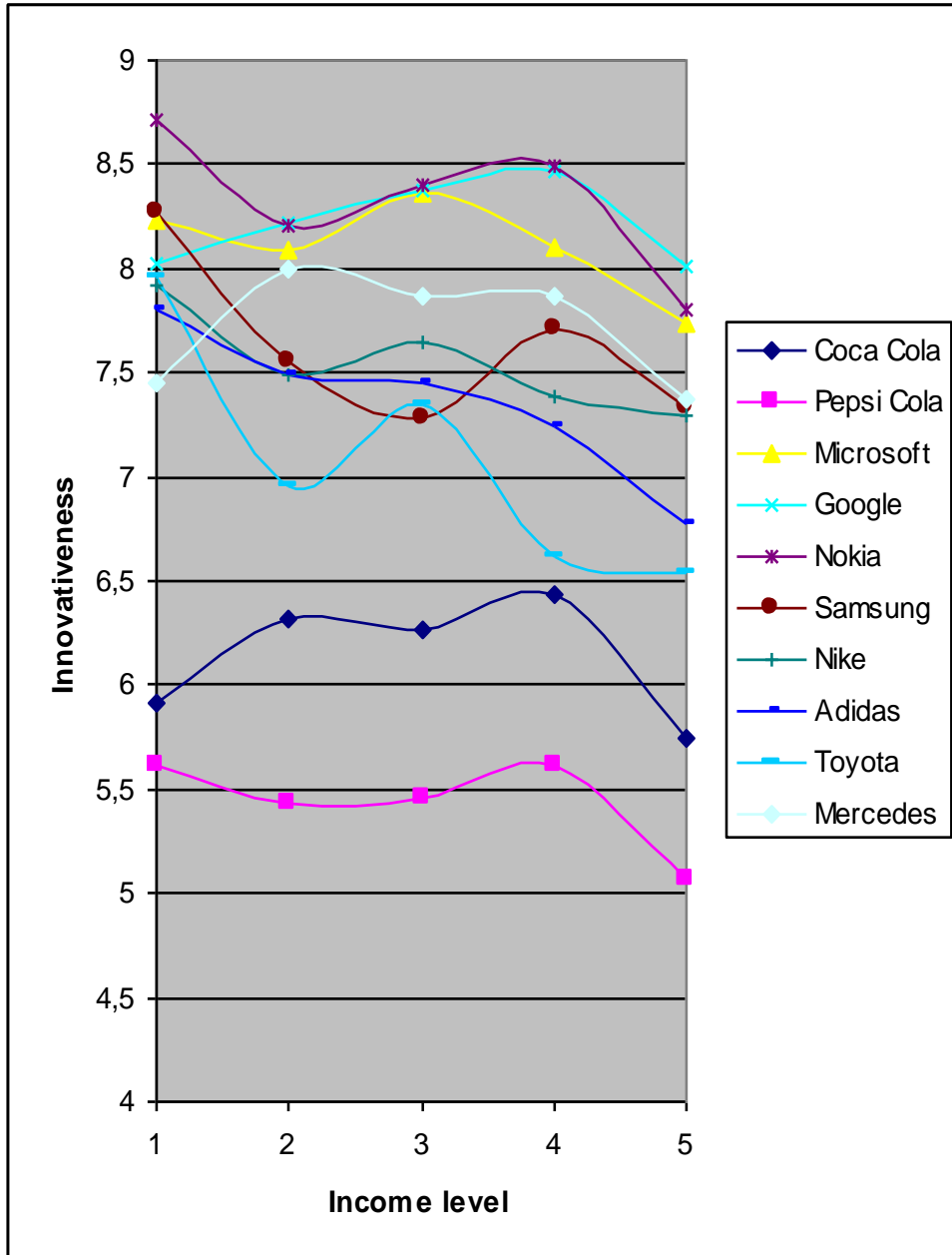
Figure 5 Income level versus perceived innovativeness of companies

Tendency observed for perceived extrovertiness at highest income level is also observed for innovativeness. Here, in addition to all companies the perceived innovativeness of Samsung also declines.
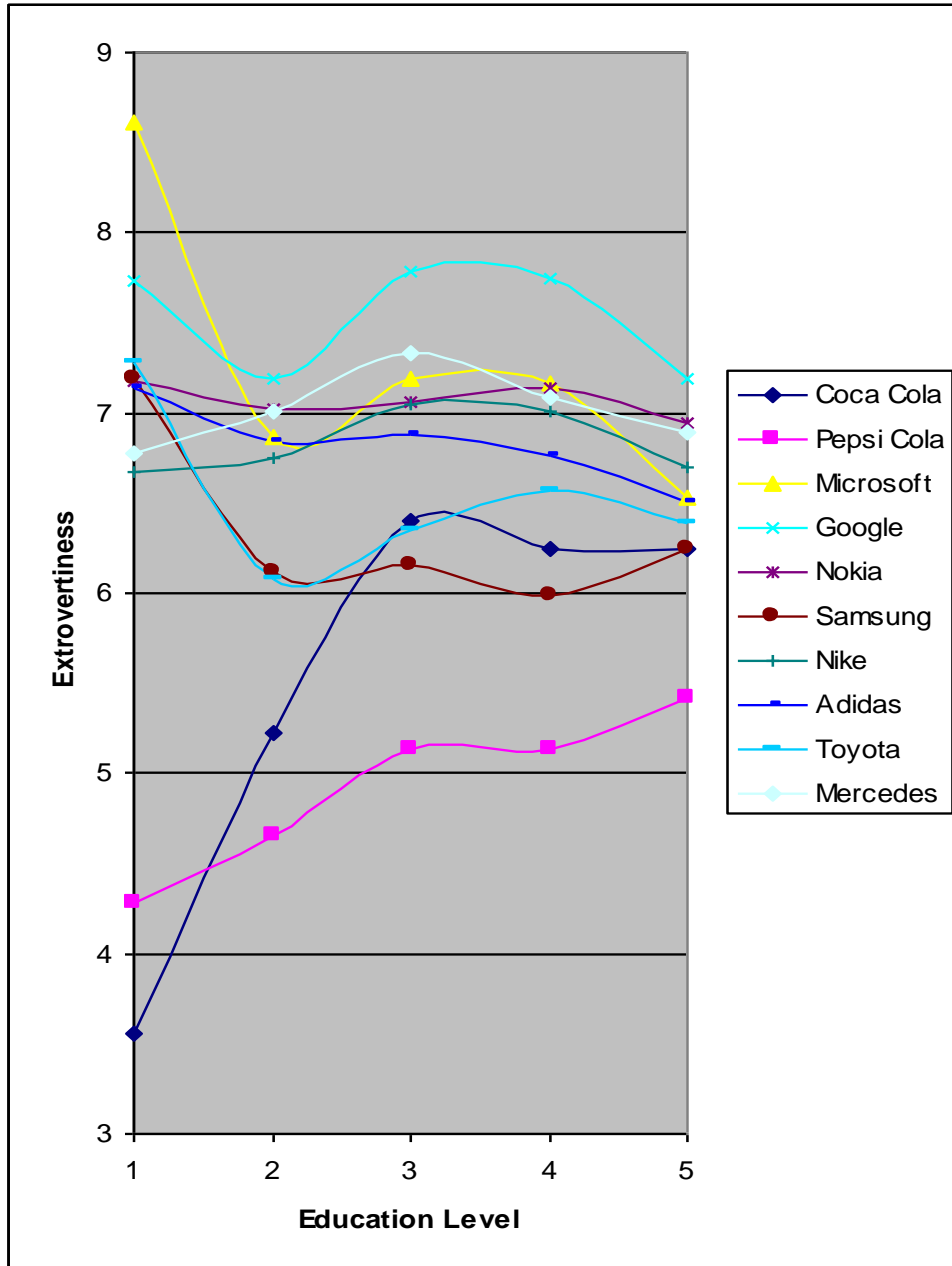
Figure 6 Education level versus perceived extrovertiness of companies

The perceived extrovertiness varies significantly at lower education levels whereas it congregates at higher levels. This pattern was interesting because it did not illustrate any significant correlation with the level of education.
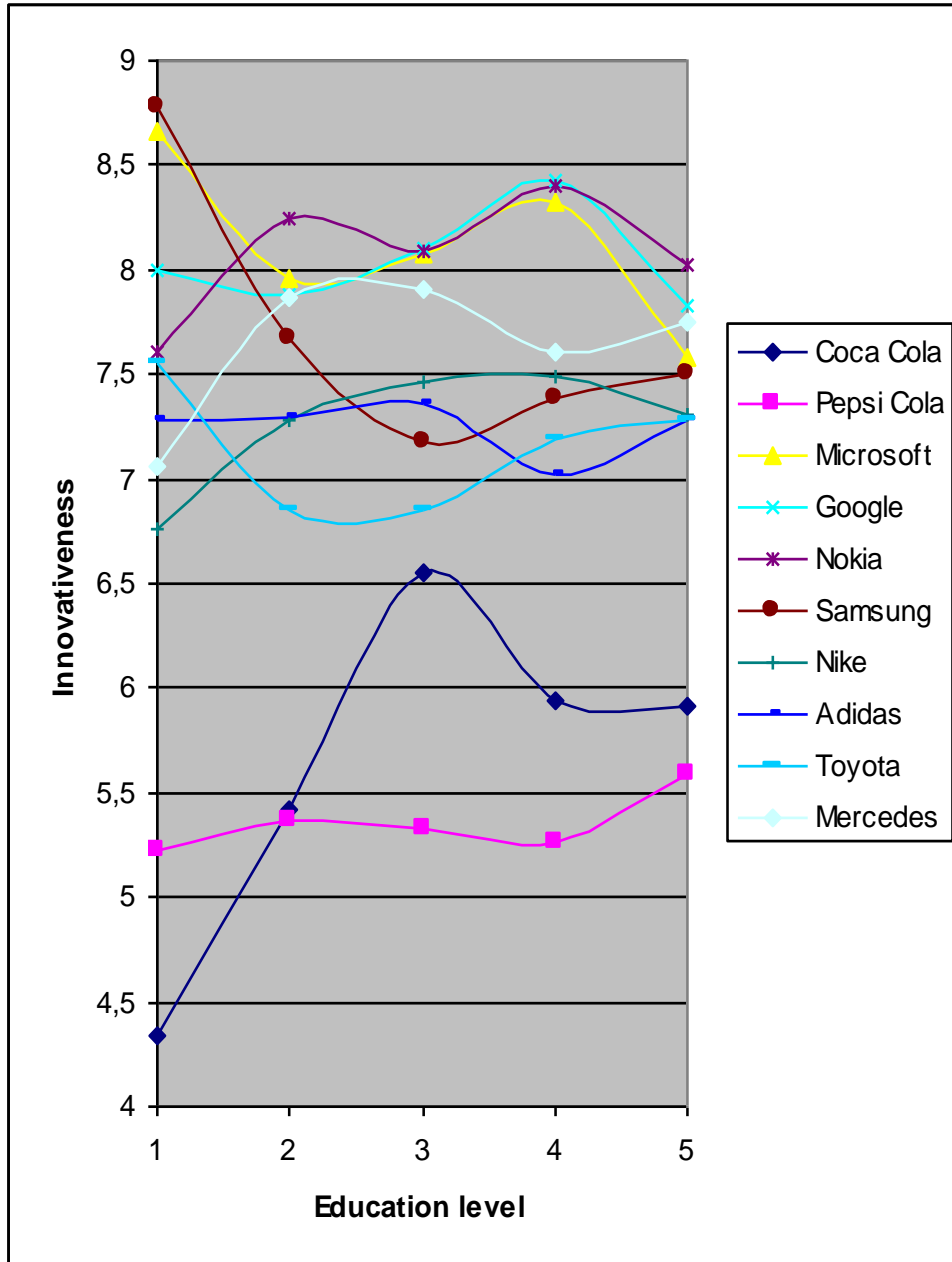
Figure 7 Education level versus perceived innovativeness of companies

Innovativeness perceptions for Coca Cola and Pepsi diversify significantly from other companies as the education level changes. This reconciles with the pattern illustrated in Figure 3.

We also assessed the correlation between the perceived extrovertiness and innovativeness of the companies and observed high correlation (0.918). This correlation may indicate that "*innovative companies are also extrovert*" or visa versa. But it may also be the result of the positive prejudice of the respondents who tend to think that successful companies are both innovative and extrovert.

Although our current results of the survey implies high reliability and validity to be certain about our outputs we need to repeat the application of innovative but not extrovert or extrovert but not innovative companies as well.

Another confusing result we obtained from this application discarded our expectations on a high correlation between the innovativeness/extrovertiness and brand values (Forbes results for 2008). As shown in the following table the results did not indicate any significant correlation between the perceived extrovertiness/innovativeness of a company and its brand value.

Table 4 Eigenvalues of single factor items

Correlations

		BrandValue	Extrovertiness	Innovativeness
BrandValue	Pearson Correlation	1	,426	,342
	Sig. (2-tailed)		,219	,334
	N	10	10	10
Extrovertiness	Pearson Correlation	,426	1	,918[**]
	Sig. (2-tailed)	,219		,000
	N	10	10	10
Innovativeness	Pearson Correlation	,342	,918[**]	1
	Sig. (2-tailed)	,334	,000	
	N	10	10	10

[**]. Correlation is significant at the 0.01 level (2-tailed).

4   CONLUSIONS

Marketing strategies of business enterprises are closely related with customer perceptions. Organizations intending to develop customer focused marketing strategies should use managerial tools such as our proposed CBMS model to monitor how they are comprehended by people. This study both introduces the conceptual framework of our model and evaluates its application on selected global firms.

Considering today's industrial rivalry one can conclude that customer surveillance is not optional for organizations but a must. Organizations need to adjust their strategies - including marketing strategies- according to their customers not only to be effective but also to survive. Holistic but simple models such as CBMS Model enable top managers to conceive their customers easily. This research is a pilot study that tested the applicability of the CBMS Model and demonstrated its usability by managers. Through reliability and validity testing, the model proved to be a legitimate marketing strategy defining tool. This visual framework interprets the perceptions of people formed through the marketing strategies of enterprises and makes model results easily understandable by managers.

How organizations are perceived by customers varies according to demographic groups. The application results of our study also illustrate how demographic differences impact differences in perception. Although we did not observe any significant correlation between gender and perception, we discovered minor variance on perceptions based on education and income levels. For example, both perceived *extrovertiness* and *innovativeness* of all companies at highest income level interestingly decreases. Similar conclusions may be derived from data or more significant correlations may be obtained by further extended applications. Our study underlines the fact that different customer groups perceive organizations in a different way. And we strongly assert that using customized marketing strategies aligned to demographic variables will enhance the competitiveness and marketing performance of enterprises.

Fekete (2003) argues that there is strong correlation between introvertiness and innovativeness. However, through obtained results we have discovered that there is a high positive correlation between perceived *extrovertiness* and *innovativeness*; however, it is unclear whether or not these findings depend on the particular organizations used in our sample. Further research has to include more organizations in the study.

Because our application was performed only in Turkey our results may be tentative in other countries. It is not only due to the variant culture based perceptions of people in different countries but also due to the diverse marketing strategies of companies in those countries. Even global companies, for example, establish local strategies based on the local variables of the particular local markets. Consequently, local marketing strategies of global enterprises will determine how innovative and extrovert they are perceived by local people in that specific country or region. Our purpose in this study is to introduce a generic framework for the empirical investigation of perceived marketing strategies. Although the proposed framework is a generic tool, the application results may be different depending on local cultural variables or company strategies at a particular region.

In summary, the CBMS model can be used by both academicians as well as members of the private and public sector. Using the model as a measurement instrument is easy and accessible. Research results are easy to understand. And yet, the model is a comprehensive one. This pilot research project has demonstrated the actual application of the CBMS model.

Further research plans include surveys among managers of the companies whose perceived images we have preliminarily surveyed among current and potential customers using a parallel approach proposed by CIS-3 and CIS-4 (Community Innovation Surveys)[1] in an attempt to partially fulfill the gaps discussed by Arundel A. (2007)

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