

Marketing Planning in a VUCA World?

The Roles of Environment Scanning and Competitive Intensity

Abstract

Marketing planning

Current global trends recommend international firms to nurture high levels of agility in order to adapt and respond on time to changing market challenges and opportunities. These recommendations raise questions in the academic and practical fields regarding the relevance of the marketing planning, which is one of the fundamental processes of firms - The planning process is perceived as rigid and slow (Asseraf, Lages, & Shoham, 2019; Slotegraaf & Dickson, 2004). Therefore, scholars argue that planning is becoming less effective especially in current highly unpredictable market environments and raise a dilemma whether planning is losing its relevance (Slotegraaf & Dickson, 2004). This dilemma is particularly relevant for international businesses that operate in culturally different host countries in an accelerated VUCA (volatile, uncertain, complex, and ambiguous) world (Cavusgil et al., 2021, Asseraf & Gnizy, 2022). Sensational titles of scholarly works such as “the big lie of strategic planning” highlight this dilemma. Although planning allows firms strategic choices and firms’ ability to respond appropriately to changing circumstances depends on building-up thorough planning, strategic planning appears to be undergoing an identity crisis (Brock & Barry, 2003).

A central element of a firm overall planning process is marketing planning (Slotegraaf & Dickson, 2004). Marketing planning reflects the firm’s ability to conceive marketing strategies that optimize the match between the firm’s resources and its marketplace (Vorhies & Morgan, 2005)., Marketing planning is a core strategic process that cultivates an organizational capability through the management of a firm's resources (Slotegraaf & Dickson, 2004). Notably, planning is an important component of international marketing capabilities (Gnizy, 2019) and it is reported as a crucial driver of international marketing agility (Asseraf, Lages, & Shoham, 2019). International firms are called to constantly develop and improve marketing planning capabilities since planning is still an important capability especially where it can be combined with other firm capabilities (e.g., flexibility maintenance; Asseraf, Lages, & Shoham, 2019) to attain excellent performance. Hence, the view that marketing planning has lost relevance might be premature and although the debate in academia and practice fields, marketing planning may still be an important driver of international performance. Hence, we posit:

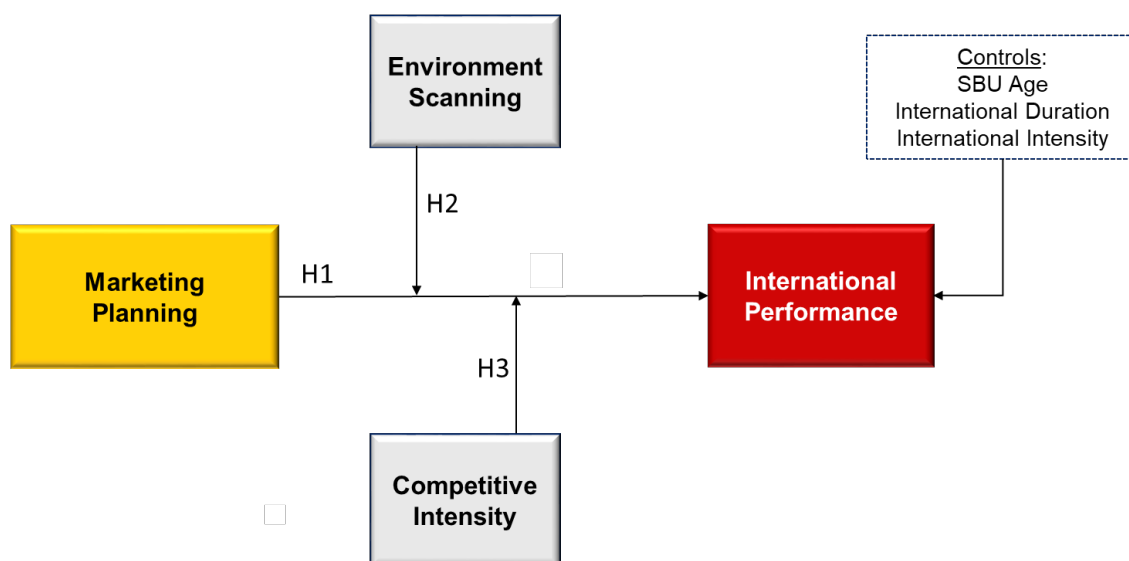
H1: Marketing planning is positively related to international performance.

Albeit, scholars are long debating the value of formal planning and offer inconclusive empirical effects of planning on performance (Slotegraaf & Dickson, 2004). These equivocal perspectives require examining additional underlying mechanisms that can shape the impact of marketing planning on firm performance. Given the contrasting views on the benefits of marketing planning and while our understanding of planning and its impact on organizational performance has constantly developed we may have partial understanding on how and when marketing planning effectively influences firms’ international performance.

Against the arguments that deemphasize planning, this study raises the question whether planning is still essential for firms and explores conditions where it is more or less

valuable for international business performance. Specifically, this study accounts for moderating effects for the planning-performance linkage to gain better insights on the means through which marketing planning increase/decrease international performance. Examining such mechanisms may provide a rich source of theoretically and managerially relevant new research in marketing strategy and international marketing (Morgan et al., 2012). In their seminal paper, Jaworski and Kohli (1993) argue that market orientation may have a strong or a weak effect on performance, depending on the environmental conditions. In the same vein, our research model (Figure 1) accounts for ‘outside’ factors (environment scanning and competitive intensity) that may influence the planning-performance relationship

Figure 1. Research model



Environment scanning

Planning is originally intended to equip firms with abilities to foresee and respond to environmental changes (Asseraf, Lages, & Shoham, 2019). These abilities are related to firms’ vital mechanism to obtain market knowledge, i.e., environmental scanning (Khan et al., 2022). Environmental scanning is recognized in recent research as a crucial activity of organizations. Current perpetual global developments necessitate that firms cultivate high levels of environmental scanning. Its importance is exhibited by being a firm purposeful process that underlie dynamic capabilities (Gnizy, 2019; Wilden & Gudergan, 2015). In addition, scanning is a fundamental requirement in allowing firms be agile. Moreover, scanning is a crucial factor that affects performance (Khan et al., 2022; Wilden & Gudergan, 2015). Therefore, we posit:

H2: Environment scanning positively moderates the relationship between marketing planning and international performance.

Competitive intensity

Another external factor that may be argued to moderate the linkage between marketing planning and international performance is competitive intensity. Under conditions of high competition, planning might seem to be less relevant and in contrast responsiveness in the form of agile actions might seem more relevant. That is:

H3: Competitive intensity negatively moderates the relationship between marketing planning and international performance.

Methodology

Data from Israeli managers were collected. Israel is relevant for the examined context as it is heavily dependent on international business. In line with Walter et al.'s (2019) recommendations, we employed screening procedures to select participants with specific managerial attributes. After eliminating suspicious questionnaires for various reasons (i.e., outliers, inaccurate e-mail addresses, unauthenticated firm names), we remained with a final sample of 187 managers, who provided complete surveys and represents effective response rate of 30.6%.

We reviewed the literature to identify measures for each examined construct. Thus, we developed a questionnaire incorporating published validated scales, making only minor adaptations to the current study's international marketing context. Marketing planning was measured using Morgan et al.'s (2009) four-item scale. Environment scanning was measured using four items adapted from Wilden and Gudergan (2015) and Danneels (2008). Competitive intensity was measured using Jaworski and Kohli (1993) six-item scale. International performance was measured using Morgan et al. (2012) four-item scale.

Finally, the model includes control variables to account for extraneous sources of variation in the dependent variables and for alternative explanations of observed effects. These include strategic business unit (SBU) age (years since the SBU was established), international duration (years engaged in international business), and international intensity (international sales/total sales). All items were presented on 7-point Likert-type scales, except for the control variables. All VIF values were below the conservative threshold of 3 (Hair et al., 2019), allowing to conclude that collinearity did not reach critical levels.

We analyzed the data using SmartPLS software. We perform analyses that provided no evidence of common-method bias in the data. All loadings were above .71, the recommended threshold (Hair et al., 2019). All constructs showed satisfactory levels of composite reliability above .70. All average variance extracted (AVE) estimates exceeded .50, providing support for convergent validity.

Results

The results of the bootstrapping method with 5,000 samples revealed that most of the structural model relationships are significant. We found that marketing planning had a positive and significant effect on international performance ($\beta = .49, p = .000$), thus supporting H₁. The moderation effect of environment scanning on the link between marketing planning and international performance was positive and significant ($\beta = .11, p = .030$) thus supporting H₂. Surprisingly, the moderation effect of competitive intensity on the planning-performance link was not significant ($\beta = -.05, p = .446$), thus not supporting H₃. The control variables' respective impact did not achieve significance.

Discussion

The objectives of this research were to explore the roles of two 'outside' factors on the marketing planning-international performance relationship. This matter is important as currently scholar's debate whether planning is still a required capability in the age of VUCA. Hence, our study provides a noteworthy contribution to the literature on marketing planning. Specifically, this study contributes by enhancing the understanding of the role played by the environment scanning and competitive intensity in international active SBUs.

Our findings underscore marketing planning as a critical capability for firms as they demonstrate that marketing planning is an important driver of international performance. Hence, planning yet remains a crucial factor in determining firms' ability to capitalize on market opportunities and challenges in dynamic environments. This is in line with scholars' recommendations to maintain the use of planning even in turbulent environments (e.g., Hughes et al., 2018, Vorhies & Morgan, 2005).

, We found that environmental scanning positively moderated the relationship between marketing planning and performance. Therefore, managers are encouraged to invest in sending their workers to professional association activities, attend in scientific or professional conferences and keep relationships with the scientific and research community. Nevertheless, against the intuition we found that competitive intensity did not moderate the relationship between marketing planning and performance. This is important as it means that under differing levels of competitive intensity, the impact of marketing planning stays positive. This finding exemplify that while firms are expected to thrive in our tenuous new VUCA world of international business, firms need to develop agile resources and capabilities (Asseraf and Gnizy, 2022; Cavusgil et al., 2021), and they still should not abandon marketing planning.

In sum, this study contributes to the conversation between international marketing, strategy and management researchers regarding the need of planning in current dynamic times. Our findings confirm the importance of marketing planning for achieving superior performance even in a VUCA international business environment. Based on these findings, we recommend that managers engaged in international business and aspire to maximize the impact of their marketing planning on performance to promote their firm's environment scanning activities.

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