THE DEVELOPMENT STAGE AS MODERATOR OF ORGANIZATIONAL AND CULTURAL ANTECEDENTS OF A CUSTOMER PRIORITIZATION STRATEGY (INTERACTIVE PAPER)

Niels Becker
RWTH University of Aachen, becker@win.rwth-aachen.de

Recommended Citation
Becker, Niels (2011) "THE DEVELOPMENT STAGE AS MODERATOR OF ORGANIZATIONAL AND CULTURAL ANTECEDENTS OF A CUSTOMER PRIORITIZATION STRATEGY (INTERACTIVE PAPER)," Frontiers of Entrepreneurship Research: Vol. 31: Iss. 12, Article 15.
Available at: http://digitalknowledge.babson.edu/fer/vol31/iss12/15

This Interactive Paper is brought to you for free and open access by the Entrepreneurship at Babson at Digital Knowledge at Babson. It has been accepted for inclusion in Frontiers of Entrepreneurship Research by an authorized administrator of Digital Knowledge at Babson. For more information, please contact digitalknowledge@babson.edu.
THE DEVELOPMENT STAGE AS MODERATOR OF ORGANIZATIONAL AND CULTURAL ANTECEDENTS OF A CUSTOMER PRIORITIZATION STRATEGY

Niels Becker, RWTH University of Aachen, Germany

Principal Topic

Recently, academics and practitioners have realized that different customers contribute different economic values to a company (Ryals 2005). Accordingly, they postulate that firms should concentrate their relationship marketing efforts on high value customers (Algesheimer et al. 2006, Homburg et al. 2008). This should be particularly true for new ventures, where marketing activities are frequently restricted by financial and personnel resources (Song et al. 2008). However, little is known about the organizational and cultural antecedents that support such a strategy. This might be particularly important as extant literature suggests that companies frequently fail to pursue their customer strategy (Zablah et al. 2004). Moreover, it has not been addressed, whether the effectiveness of these antecedents changes with the company development stage. Scholars argue that entrepreneurial companies often operate in highly volatile environments, which require a high degree of adaptability (Roure et al. 1990). Hence, these companies should draw on informal structures such corporate culture rather than formal structures.

Method

To conduct the research a cross-sectional online survey was conducted. The sample was obtained from the German Chamber of Industry and Commerce and covered mainly small and medium-sized companies in 12 different industries. Moreover, it was ensured that companies in different development stages were included. In spring 2010, 290 qualified responses from managing directors or heads of marketing were received. Partial least squares, a broadly accepted variance-based structural-equation-modeling technique, was used to evaluate the proposed theoretical model (Wold 1985).

Results and Implications

Consistent with theory and prior research, the findings suggest that comprehensive organization, compensation, planning and control systems, as well as corporate culture support a customer prioritization strategy. Accordingly, it can be assumed that a customer prioritization strategy is most effective when a company has adequate structures and culture in place. However, the results suggest that planning and control as well as compensation systems are less effective for companies in early development stages. No significant differences could be found regarding the organization system. In contrast, corporate culture is more effective for ventures in early development stages. Hence, it can be reasoned that formal structures seem to be more appropriate for mature companies, whereas entrepreneurial ventures might particularly draw from informal elements.

CONTACT: Niels Becker; becker@win.rwth-aachen.de; (T): +492418096359; (F): +492418092371; Lehrstuhl Wirtschaftswissenschaften für Ingenieure und Naturwissenschaftler, Templergraben 64.