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ORIGINAL EMPIRICAL RESEARCH

# A taxonomy of marketing organizations

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## Abstract
A basic step in scientific inquiry entails ordering, classifying, or grouping the phenomena under investigation—that is, developing a taxonomy. Yet no method-transparent taxonomy of *marketing organization types* has been established, creating significant confusion among both managers and theoreticians. Many marketers, inspired by educators, assume that marketing organizations control all marketing-related decisions, yet skeptics counter with assertions that instead, marketing organizations simply put a positive spin on the meaningful value created by others in the company. The method-transparent taxonomic study presented in this article addresses this debate and reveals three marketing organization types: *Growth Champions*, which reflect a textbook view, representing about 17% of the sample firms; *Service Providers*, consistent with the skeptics' view, equivalent to about 43% of the sample firms; and *Marcom Leaders*, a third marketing organization type in which marketers are primarily responsible for brands and communications, representing about 40% of the sample firms. Establishing these different marketing organization types can help address conflicting views about marketing organizations. The conceptual typology underlying the empirical taxonomy also clarifies why the different marketing organization types exist and suggests hypotheses, specific to each marketing organization type, that might address previously unresolved research questions.

**Keywords** Marketing organization · Typology · Taxonomy · Marketing decision · Differentiator · Cost leader · Line · Staff

Different marketing organizations, defined as the group of people who work in an organization's marketing department (Feng et al., 2015), vary in their ability to connect with customers (Moorman & Rust, 1999), the quality of their relationships with the corresponding sales organization (Homburg et al., 2008), the decisions over which they have control (Verhoef & Leeflang, 2009), and so forth, as Table 1 indicates. Because these varied differences among marketing organizations have not yet been classified, using convenient, easily processed and comprehended categories, the field of marketing described by conventional marketing textbooks often ignores them and implies a single marketing organization type that controls all marketing decisions (e.g., segmentation, targeting, positioning; the 5Cs of company, collaborators, customers, context, and competitors; the 4Ps of product, place, price, and promotion).[1] This view of marketing as all-encompassing gets reinforced by high-profile companies that visit university campuses to recruit top students for marketing positions. At General Mills, Johnson & Johnson, Procter &

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[1] In a survey of eight leading marketing textbooks (Web Appendix A), we find that they mostly implicitly allude to differences in marketing organizations across companies, but they do not address why marketing organizations might vary across companies, nor do they specify a set of marketing organization types. We also note that not every company has a marketing organization. For example, startups often do not have a formally organized marketing organization. Our work applies to those companies that have a formal marketing organization.

**Table 1** Distinctions of marketing organizations across studies

| Study | Variables Organizations Differ on | Empirically Derived Classification Scheme | Taxonomic Method Used | Conceptually Derived C lassification Scheme |
|---|---|---|---|---|
| Homburg et al. (1999) | Marketing decisions the marketing organization controls | No | n.a | No |
| Moorman and Rust (1999) | Customer-product connection, customer-financial accountability connection, customer-service quality connection | No | n.a | No |
| Homburg et al. (2000) | Activities, formalization, actions, resources | Key account management | Cluster analysis | No |
| Slater and Olson (2001) | Marketing activities that marketing strategy subsumes | Aggressive, mass, value marketers and marketing minimizers | Cluster analysis | No |
| Vorhies and Morgan (2003) | Centralization, formalization, specialization, size, task complexity, work group interdependence, architectural marketing capabilities, specialized marketing capabilities | No | n.a | No |
| Olson et al. (2005) | Formalization, decentralization, specialization, costumer orientation, competitor orientation, innovation orientation, internal cost orientation | No | n.a | No |
| Landry et al. (2005)* | Marketing's scope of responsibility, decision rights, capabilities, organization linkages | Growth champion, best practice advisor, senior counselor, brand foreman, service provider, growth facilitator | Report using "Marketing Profiler" but do not explain the method | No |
| Verhoef and Leeflang (2009) | Marketing decisions the marketing organization controls | No | n.a | No |
| Hult (2011) | Marketing activities; customer value-creating processes; networks; stakeholders | No | n.a | No |
| Verhoef et al. (2011) | Marketing decisions the marketing organization controls | No | n.a | No |
| Homburg et al. (2015) | Marketing decisions the marketing organization controls | No | n.a | No |
| Feng et al. (2015) | Percentage of TMT from marketing, TMT marketing executives' relative compensation, titles, hierarchical level, and reponsibilities | No | n.a | No |
| This article | Marketing decisions the marketing organization controls | Growth Champion, Marcom Leader, Service Provider | Cluster analysis | Yes |

n.a. indicates not applicable because study provides no taxonomy or no typology

*indicates not method transparent

Gamble, and E&J Gallo Winery, the marketing organization is all powerful, in the sense that it controls all marketing decisions, is accountable for profits and losses, and sets the companies' growth agenda (Whitler, 2016).

Marketers might generally share this view of a typical marketing organization as all powerful, but others do not. Consider, for example, investment banker John Hoffmire. Probably based on experiences with widely different marketing organizations, he notes (Whitler, 2016)[2]:

> Most marketers across most firms and industries … aren't involved in the strategic direction of the firm. They don't lead development of the innovation pipeline, or determine pricing, or frankly own many brands … operations and other functions have as much or more to do with the building and delivery of the brand. So I will suggest that what marketers do is the indication of what marketing is. Most often, this means advertising, communication, and promotion development, their job is to put a spin on the meaningful value being created by the rest of the firm.

Both of these perspectives feature an unstated assumption of a universal character: Either all marketing organizations are powerful, or all of them are virtually inconsequential. But if a pair of managers each held one of these views, it would become nearly impossible for them to communicate or collaborate to answer central marketing questions like, "What are appropriate metrics for evaluating a marketer?," "What is the chief marketing officer's role?" or "Should marketers develop the company's growth strategy?" Accordingly, researchers have struggled to answer these questions too (Moorman & Day, 2016; Morgan et al., 2019; Whitler et al., 2021).

This research gap is not for lack of trying. Among the 13 studies in Table 1 that deal with differences across marketing organizations, four (including ours) propose taxonomies. As Carper and Snizek (1980, p. 65) propose, "the most important and basic step in conducting any form of scientific inquiry involves the ordering, classification, or other grouping of the objects or phenomena under investigation," by developing a taxonomy. Homburg et al. (2000) suggest a taxonomy of key account management approaches (i.e., sales organization types). Slater and Olson (2001) refer to the importance of different marketing decisions to the firm as a whole, then develop a taxonomy to group firms according to the marketing decisions they emphasize (without addressing whether the marketing function has control over them). A collaborative effort by Booz Allen and the Association of National Advertisers (Landry et al., 2005) identifies six marketing organization types, but their report does not list the variables that define them or disclose the method used to convert them into marketing organization types. With this study, we therefore seek to establish a method-transparent taxonomy of *marketing* organization types, building on variables identified in prior literature to characterize marketing organizations (Homburg et al., 1999; Verhoef & Leeflang, 2009), and then identify marketing organization types using cluster analysis.

Beyond developing a taxonomy of marketing organization types, we provide support for this taxonomy with a conceptual typology, based in theory. Specifically, our typology is based in the structural choices a company makes at its inception. Two such decisions have particular influences on the nature of the marketing organization: the source of competitive advantage (differentiation vs. cost leadership) and the adoption of a line function design. If a company decides to compete on the basis of differentiation, it likely gives precedence to output functions like marketing, sales, and R&D (Hambrick & Mason, 1984). If instead the company decides to compete on the basis of cost leadership, it likely assigns more precedence to throughput functions, like accounting and engineering, with less control granted to the marketing organization. If a strategic differentiator also assigns marketing a line role (Mintzberg, 1979), marketing gains broad decision control, because it is responsible for the company's profitability and growth. A line marketing organization generally makes strategy, pricing, branding, distribution, communication, and product management decisions that directly influence the company's financial outcomes. Although marketing thus would be very powerful in a strategic differentiating firm, it would have almost no power or decision control in a cost leader. Finally, if marketing represents a staff function in a differentiator, its levels of control and power should fall somewhere between those two extremes. We note that in cost leaders, the marketing function is almost certain to be a staff function, because it would make little sense for a cost leader, focused on driving down costs by increasing internal efficiency, to give line authority to marketing, which is inherently outward looking, in search of exploitable insights about customers. Thus, we exclude the possibility of a cost leader firm with marketing as a line function.

Starting from this conceptual typology, we collected data from two distinct sampling frames to assess the potential generalizability of our findings to firms that are generally quite different (e.g., Chen & Hambrick, 1995): small entrepreneurial firms and large, publicly traded companies. Respondents (CEOs of small firms, middle managers in large companies) indicated which decisions the marketing

[2] Not inconsistently, Stewart's essay (Key et al., 2020, p. 161) reports that high-tech firms "don't hire marketing students, [they] hire engineers, and if they're not good at engineering, [the company will] put them in marketing," noting that these firms do not value "the intellect, skills, creativity, or strategic thinking of people who perform the marketing function."

organizations in their companies made. According to a cluster analysis of the resulting decision control profiles, we identified three distinct profiles, consistent with our conceptual typology, such that the marketing organizations had comprehensive decision control (strategic differentiators, line function), took control of brand image and communication decisions (strategic differentiators, staff function), or had no control over marketing decisions (cost leaders). The same taxonomic structure emerges among both small, private firms and large, publicly traded companies.

We label marketing organizations in cost leader companies as *Service Providers* (about 43% of sample firms), because they appear mostly among raw material producers, banks, hospital systems, and so forth. Experiences with this type of marketing organization may have informed Hoffmire's (see Whitler, 2016) skeptical view. Then we define two marketing organization types among strategic differentiators. If marketing takes a line role, such that it controls virtually all marketing decisions, we refer to it as a *Growth Champion* (about 17% of sample companies); the large companies we cited previously, such as General Mills and Procter & Gamble, exhibit such marketing organizations. Finally, if a strategic differentiator assigns marketing a staff role, with control over only the brand image and communications, we refer to it as a *Marcom Leader* (about 40% of sample companies); Levi Strauss & Co. is one example of a company with such a marketing organization.

The three proposed marketing organization types offer significant implications for researchers and managers, as well as fruitful avenues for further research. For example, in response to critical marketing questions raised by prior research (Moorman & Day, 2016; Morgan et al., 2019; Whitler et al., 2021) (e.g., "How should marketing managers use metrics?;" "In what firms do CEOs often have a marketing background?;" "What are the consequences of contemporary marketing organization differences?"), we contend that the answers depend critically on whether the marketing organization is a Growth Champion, Marcom Leader, or Service Provider. Recognizing different marketing organization types also can help reframe conflicts among managers with different perspectives. Until the marketing discipline acknowledges and explains heterogeneity in marketing functions, practitioners with different experiences may find it difficult to communicate clearly about the marketing organization.

In addition, this research has notable implications for educators. Textbooks should acknowledge that not every firm features a marketing organization with the power and control of a Growth Champion. We do our students a disservice if we teach them to expect that, in every company, the marketing organization will set strategy and be responsible for growth. With a clearer understanding of the different types, students can better assess their options and choose among hiring firms with Growth Champion, Marcom Leader, or Service Provider marketing organizations.

In what follows, we first develop a conceptual typology of marketing organization types, then describe the data we gathered to establish a taxonomy. Due to the close correspondence between the proposed typology and estimated taxonomy, we use the typology-defining forces to address some unresolved questions related to marketing excellence (Moorman & Day, 2016), marketing in the upper echelon (Whitler et al., 2021), and marketing strategy (Morgan et al., 2019).

## Conceptual typology

The typology we propose to make sense of differences among marketing organizations is primarily based on two decisions a firm makes at its founding: What will the source of competitive advantage be, and which function will lead the company as a line function? Many studies consider the first question in defining marketing's role (e.g., Homburg et al., 1999; Kabadayi et al., 2007; Verhoef & Leeflang, 2009; Workman et al., 1998), drawing from both strategy (Porter, 1980, 1985) and management (Hambrick & Mason, 1984) literature.

## Differentiation versus cost leadership

Porter (1980, 1985) contends that a firm must decide whether it will draw competitive advantages from cost leadership or differentiation. That decision then defines the prioritization of functions within the firm (Hambrick & Mason, 1984). A firm that chooses to compete on the basis of cost leadership prioritizes throughput functions (e.g., production, process engineering, accounting) that increase efficiency. Consider, for example, raw material manufacturers like ArcelorMittal, HeidelbergCement, and Saint-Gobain. Many of these types of firms pursue cost leadership strategies and creating efficient processes are a key strategic priority for them. Thus, people from throughput functions that focus on increasing internal efficiencies are typically deemed more important than those who are more outward-focused. Indeed, given their focus on driving down costs by increasing internal efficiencies, it would make little sense for a cost leader to prioritize outward looking functions such as marketing who are in search of exploitable insights about customers. Importantly, cost leaders are also concerned with opportunities that exist in the market. However, even more than that, they aim to drive profits through the "production or delivery of product/services," that is, cost-cutting (see Hambrick, 1981, p. 305; and Whitler et al., 2018, p. 88).

In contrast, a firm that chooses to compete on the basis of differentiation prioritizes output functions (marketing, sales, R&D) that support growth (e.g., Hambrick & Mason, 1984; Whitler et al., 2018). In this logic, marketing is likely to be a more important function in a strategic differentiator than in a cost leader given marketing's external focus and search of exploitable insights about customers. Consider, for example, consumer packaged goods (CPG) firms such as Procter & Gamble, Unilever, and Nestlé. These firms usually pursue differentiation strategies and brand managers (i.e., marketers) in these firms are frequently referred to as the "quarterbacks" of the team. Thus, marketers tend to "call the shots" and make the important decisions. Importantly, while differentiators are also concerned with costs, the training and expertise of their output-oriented functions (e.g., marketing) provides them with the ability to acquire and convert customer-based insights into sales and profits (Whitler et al., 2018).

## Marketing as line versus staff

An organizational structure can be defined according to organization's formalization, centralization, and specialization; as Olson et al., (2005, pp. 50–51) explain, "*Formalization* is the degree to which formal rules and procedures govern decisions and working relationships.… *Centralization* refers to whether decision authority is closely held by top managers or is delegated to middle- and lower-level managers," and *specialization* refers to the degrees to which tasks and activities are divided and workers have control over those tasks. These organizational concepts provide insights into various marketing problems, but they are agnostic to the business function. That is, the firm's levels of formalization, centralization, and specialization are unlikely to lead to the prioritization of any business function over others.

Therefore, we define structure in terms of the line and staff roles assigned to different functions. Although it is common in practice, this distinction is less frequently included in academic literature. For example, Verhoef and Leeflang (2009) and Verhoef et al. (2011) ask about whether marketing is a line or a staff function but do not use the information in their analyses.

In efforts to establish the meaning of these functions, Gitman and McDaniel (2009) contend that the organizational structure begins with a "division of labor" into separate jobs. Managers then group jobs together into functions so that, within a function, the tasks and activities are similar or associated, whereas across functions, they differ or are less associated. Taylor (1911) offered the early argument that, to simplify work, companies should adopt a military model, in which line functions stand in the line of combat (e.g., infantry), while staff functions provide support (e.g., medical corps, supply corps, ordnance corps, signal corps). The line managers' control decisions are critical for "winning" the battle, and staff provide them with advice and support. Most large business organizations adopt such a line management structure (Gitman & McDaniel, 2009): Line functions, with clear lines of authority and communication, are directly responsible for achieving objectives, and line managers take control of decisions critical to achieving them. Staff functions, in turn, provide support to the line functions.

Feng et al. (2015) can be interpreted as suggesting that, if a function has line authority, it can influence firm performance through three mechanisms. First, a line function (compared to a staff function) can attract more resources, of better quality, which it can use to offer higher pay or promotions to talented candidates than other firm departments might provide (Welbourne & Trevor, 2000). Ultimately, such benefits should reinforce the line function's resources and increase its abilities to complete key tasks and activities (Salancik & Pfeffer, 1974). Second, a line function can facilitate interfunctional coordination more easily than a staff function because the line manager can exert authority over members of other departments (Brass and Burkhardt, 1993; Finkelstein, 1992), dominate cross-functional negotiations, and resolve conflicts efficiently (Perrow, 1970; Salancik & Pfeffer, 1974). Third, the line function can effectively channel the attention of the top management team (TMT) to internal or external factors that determine its capacity to accomplish its tasks, as well as influence the strategic decisions that the TMT makes (Child, 1997; Delmas & Toffel, 2008). Because line managers make decisions that roll up to the CEO's objectives (Jackall, 1988), the line function also comes to represent a pool of potential candidates for general or top managers. In turn, most general managers and even the CEO are more likely to have come from a line function than a staff function.

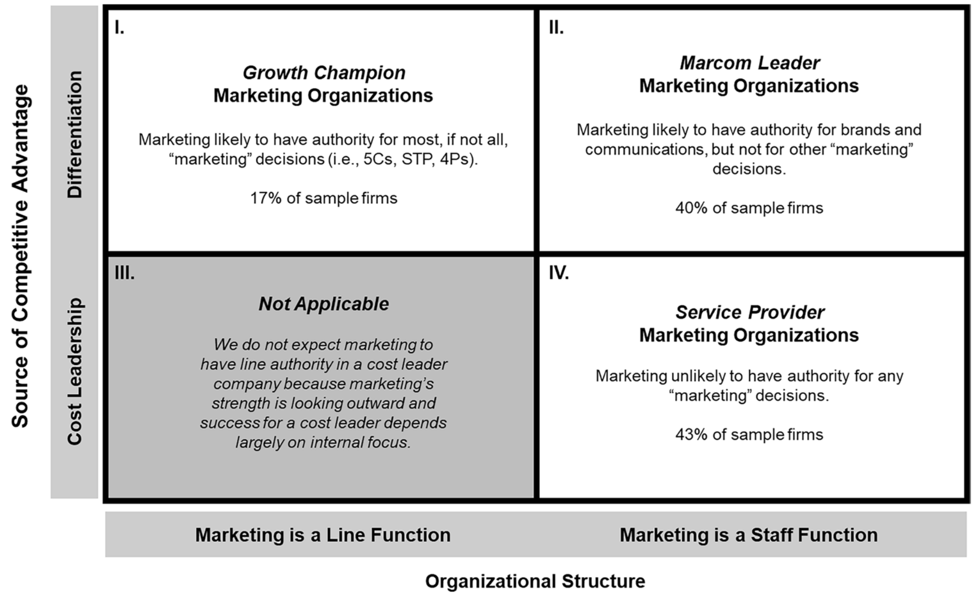
## Three types of marketing organizations

Considering firms' decisions, to compete on the basis of differentiation or cost leadership and to make marketing a line function or a staff function, we can anticipate marketing's role, as summarized in Fig. 1.

As mentioned, a firm that derive competitive advantage from differentiation likely prioritizes output functions such as marketing. When differentiators designate marketing as its line function, marketing should take control of most, if not all, marketing decisions, in pursuit of the desired business results (see quadrant I. in Fig. 1). That said, if a strategic differentiator assigns marketing a staff role, marketing still should control brand and communication decisions, in support of differentiation efforts, whereas strategic decisions about new products, pricing, distribution, and so forth likely remain under the control of some other (non-marketing) line function that is responsible for delivering business results (see quadrant II. in Fig. 1).

When a firm derives competitive advantage from cost leadership, it likely designates a throughput function (e.g.,

**Fig. 1** Three types of marketing organizations




production, process engineering, accounting) as the line function. In such a firm, the marketing function is almost certain to be a staff function, because it would make little sense to give it line authority. That is, cost leaders must focus on driving down costs by increasing internal efficiency, but marketing is inherently outward looking, in search of exploitable insights about customers (e.g., Whitler et al., 2018). Thus, we exclude the possibility of a cost leader firm with marketing as a line function from our typology (see quadrant III. in Fig. 1). Furthermore, the staff function of marketing in a cost leader should be limited, relative to its staff function in a strategic differentiator, and essentially have no meaningful control over any marketing decisions because the cost leader does not rely on brands or marketing communication to differentiate itself to the same degree as a strategic differentiator does (see quadrant IV. in Fig. 1).

In summary, we anticipate three marketing organization types: (1) in a strategic differentiator, marketing as the line function has control of most, if not all, marketing decisions; (2) in a strategic differentiator, marketing as a staff function has control of branding and communications; and (3) in a cost leader firm, marketing as a staff function has no control over marketing decisions.

## Typology test, based on evidence from CMOs

In a survey of 14 broadly experienced chief marketing officers (CMOs), we asked them to assess the reasonableness (where 1 = completely unreasonable, and 5 = completely reasonable) of distinguishing a firm's marketing organization type by the source of competitive advantage and line versus staff functions assigned to marketing; these experts offered a reasonableness score of 4.33. They also acknowledged experiences with all three marketing organization types during their careers, as Table 2 shows: 93% had experience in differentiator/line marketing firms, 80% had experience in differentiator/staff marketing firms, and 53% had experience in cost leader/staff marketing firms.

Consistent with our proposed typology, the CMOs also report that in differentiators (versus cost leaders), marketers are more influential, and the marketing organization's leader is stronger and more likely to be on the TMT. In firms with line (versus staff) marketing functions, the respondents believe that top management holds marketers in higher regard, and the function is more likely to be a "profit center" than a "cost center," implying that it maintains profit and loss responsibility (line function). They predict that in differentiators with staff marketing, sales likely is the line function, whereas in cost leaders, finance is likely the line function.

## Immutability of decisions

Our typology rests on the assumption that the decisions about how to compete and which function will lead the company are immutable. We consider these assumptions here.

### Changing between differentiation and cost leadership

To compete effectively as a differentiator, a firm must explore complex customer needs and adapt its products to respond to them (Homburg et al., 1999; McDaniel & Kolari,

**Table 2** Reasonableness assessment, *Fortune* 500 CMO survey

| | Firm Differentiates Marketing as Line Function | Firm Differentiates Marketing as Staff Function | Firm Is Cost Leader |
|---|---|---|---|
| How reasonable is it to distinguish among marketing organization types according to whether the firm derives competitive advantage from differentiation vs. cost leadership and according to whether its marketing function is line vs. staff? (1 = completely unreasonable, 5 = completely reasonable) Average response = 4.33 (SD = .79) | | | |
| % of CMO respondents with experience working in such a firm | 93% | 80% | 53% |
| How strong would you expect the marketing function to be in such a firm? (1 = no power, 5 = very powerful) | 4.79 (SD = .41) | 3.49 (SD = 1.15) | 2.00 (SD = .73) |
| To what extent would you expect senior l eadership to respect the marketing function in such a firm? (1 = highly disrespected, 5 = highly respected) | 4.86 (SD = .35) | 3.67 (SD = .94) | 3.00 (SD = 1.03) |
| What characterizes such a firm? | Top management comes from product management or brand management. Marketing is a profit center and the strongest function, which reports to the CEO or board | Marketing is a cost center reporting to profit centers and manages image and communications. Sales function is strongest | Marketing controls no key metrics, is a support service, and reports to someone under the chief administrative officer. Finance function is strongest |
| What distinguishes the marketing function's relative strength among firms of this type? | Demonstrated growth achievement. Strong leadership. Marketing leader | Has CEO's support. Must have correct leader for marketing function. Brand success | Even CEO support cannot increase marketing's influence. Marketing has limited ability to link its contributions to performance, because of its almost purely tactical execution. Marketing is a support service, often providing creative materials (e.g., brochures) to sales or business development |

1987; McKee et al., 1989; Nath & Mahajan, 2008). Because the marketing function has a stronger marketplace orientation (Day, 1994; Feng et al., 2015) and can explore customer needs (Homburg et al., 1999), its expertise is needed for a differentiator firm to find and exploit opportunities (Hitt & Ireland, 1985, 1986). As Hambrick and Mason (1984) assert, firms that strategically prioritize output functions (i.e., draw competitive advantage from differentiation) should be led by functions like marketing (You et al., 2020). The converse is true for firms that prioritize throughput functions (i.e., draw competitive advantage from cost leadership); they should be led by functions like production, process engineering, or accounting that pursue greater process efficiency.

Each source of competitive advantage (differentiation vs. cost leadership) requires different skills, so the firm must recruit and hire people with specific training, expertise, and orientations. To switch from one source of competitive advantage to the other, the firm would have to eliminate its current leaders and replace them with a completely different set, to gain access to a completely different set of skills. Jobs throughout the organization would be altered. A cost leader would have little need for the elaborate marketing research that informs a differentiator. The skills and orientations previously associated with promising career prospects suddenly would be limited options, and jobs that previously seemed unpromising (and thus might have been staffed with weaker job candidates) would now be key to the firm's success. It would be difficult, and perhaps impossible, for any company to survive such dramatic shifts in priorities and personnel. Thus, we believe the decision to compete on the basis of differentiation versus cost leadership is immutable.

### Switching between line and staff functions

If it fails to assign a function to lead the company, a firm's ability to achieve its objectives will be compromised. Once a line function is identified, the CEO knows which department is responsible for ultimate results, as well as which ones are responsible for intermediate accumulations of lower-level results, which eventually determine firm-level performance. This assignment also defines optimal recruiting policies, to ensure that line function jobs get filled by the strongest candidates and that staff function jobs will be filled by competent employees, though with less costly emphasis on hiring the very best. Line function personnel are paid more, get promoted more frequently, and enjoy a career path that plausibly leads to the TMT. Staff employees are paid less, get promoted less frequently, and face a career path that leads, at best, to the top of the staff function (which is not likely to be a member of the TMT). Having established a particular line function and built a line organization that can deliver marketplace results, it would be foolish for a firm to remove line authority from that function. It would risk losing its most valuable human capital if members originally in line function jobs were suddenly demoted to staff positions. Their salaries would need to be cut to staff levels, and they would have little hope of promotion. The loss of control also might frustrate former line managers, who would be thwarted in their efforts to effect marketplace results and enhance their status or value to the firm. For the competent staffers, suddenly assigned line authority, the transition also would be painful. They have not been trained to make such strategic decisions, and their seemingly inevitable mistakes would compromise firm performance. Thus, we believe a firm would find it nearly impossible to demote a current line function to staff status or elevate a current staff function immediately to line authority.

Finally, if it does not make clear decisions about whether to compete on the basis of differentiation or cost leadership and which function will take line authority, the firm cannot develop organizational charts, job descriptions, hiring criteria and preferences for different functions, pay scales, promotion frequency, office allocation, distribution systems, or supplier negotiation responsibility. Only after such decisions have been made can necessary systems be put in place. Once the systems are established, the initial decisions become essentially immutable. Firms might make small adjustments (e.g., adding or removing a marketer from the TMT), but they would find it nearly impossible to switch their strategic competitive approach or shift line authority from one function to another.

## Empirical taxonomy

Taxonomies allow "large amounts of information about various forms of organization to be collapsed into more convenient categories that [are] then easier to process, store and comprehend" (Carper & Snizek, 1980, p. 73). Because companies that share a particular marketing organization type behave in similar ways, which differ from the behaviors of companies with different marketing organization types (McKelvey, 1975), we exploit these fundamental differences to develop our taxonomy. It differs from prior taxonomic studies of marketing variables (see Web Appendix B), about half of which deal with the nature of the marketing function, as well as different versions of the marketing–sales relationship (Homburg et al., 2008) or marketing planning styles (McKee et al., 1990). Other studies relate the marketing strategy to the company strategy. These taxonomies of company strategy either include (Galbraith & Schendel, 1983; Hawes & Crittenden, 1984; Robinson & Pearce, 1988) or exclude (Morrison & Roth, 1992; Slater & Narver, 1993) marketing activity decisions. Another marketing function study (Slater & Olson, 2001) proposes a taxonomy of companies according to the marketing activity variables they prioritize. Accordingly, the samples for these 21 studies include consumers, marketing managers, purchasing managers, and managers of unspecified functions. The sample sizes tend to be larger for consumer-based studies (e.g., Bowen, 1990), whereas the sample in a case-based study is small (Perks et al., 2005). A theoretically constructed taxonomy of social media marketing strategies does not rely on any sample of respondents (Li et al., 2020). Among studies based on managers' responses, the average sample size is 196. In 18 studies, the authors derive the taxonomies using cluster analysis, and 10 of those rely on K-means clustering. Lacking good statistical tests for determining the optimal number of clusters, 6 studies cite researcher judgment, but others continue adding clusters until they reach an "elbow" that indicates decreasing marginal returns obtained from adding another cluster (e.g., cubic clustering criterion, Pseudo F). One study uses Lehmann's (1979) rule that a study with x observations should have no more than x/30 to x/50 stable clusters (Morrison & Roth, 1992). Most studies rule out firm demographics as an alternative causal mechanism; the identified clusters do not differ significantly with companies' demographic descriptors. Finally, 16 studies establish validity on the basis of statistically significant differences in non-clustering, validation variables across the derived clusters.

## Data

We derive our marketing organization taxonomy on the basis of data gathered from two contexts, using insights provided by key informants.[3] Table 3 outlines these two data collection efforts. The same survey supports both efforts; it was developed in collaboration with 40 CMOs with experience at leading consumer, business, technology, and service companies.[4] Through a process of back-and-forth development, we proposed a first draft, the CMOs embellished and edited it, and then the research team developed a second draft that the CMOs again embellished and edited. Through several such rounds, we obtained a survey that reflects the perspectives of both academics and CMOs; the topics it covers also are similar to those included in extant research (e.g., Homburg et al., 1999; Moorman, 2020; Verhoef & Leeflang, 2009). The measures and question items are in Web Appendix C.

In the first data collection effort, the small firms' CEOs reported firm size and age, the composition of the firm's TMT, and the CEO's functional background. In the second data collection effort, we obtained that information from archival data. By collecting firm demographic data, we can rule out these variables as likely determinants of marketing organization type. We also gathered outcome variables (e.g., marketing CEO, marketer on the TMT, performance as growth rate or Tobin's q) to test for expected links between marketing organization type and outcomes and thus to extend the validity, relevance, and theoretical usefulness of our classification scheme (Cannon & Perreault, 1999; Hunt, 1991; Punj & Stewart, 1983).

## Analysis and results

Our cluster analyses follow well-established precedents for taxonomies in marketing (see Web Appendix B), and we use K-means clustering to identify a marketing organization type taxonomy for each data set. Palmatier et al., 2022, p. 61) suggest seeking a point of greater tightness (or lessened difference in the sum of squared distances between consecutive numbers of estimated clusters), often referred to as an elbow, to determine the appropriate number of clusters. For both data sets, we identify an elbow at 3 clusters. In the first data set, the sum of squared distances from cluster centers for the 2-, 3-, and 4- cluster solutions were 409, 368, and 352; in the second, these values were 153, 132, and 124. In both cases, the sum of squared distances decreases more between 2 and 3 clusters than from 3 to 4 clusters. Thus, we present 3-cluster solutions.

In the first data set, the clusters include 32, 60, and 72 firms, respectively. In tests of whether statistically significant differences exist among these clusters in terms of the proportion of firms in each cluster for which marketing has control (see Table 4., Panel a), companies in Cluster 1 are the most likely to have control of most marketing decisions. They

[3] Regarding common method bias (Baumgartner, Weitjers, and Pieters 2021), Moorman and Day (2016) point out that if key informants provide both the dependent and independent variables, they should not come exclusively from a single function (e.g., marketing), because they have incentives to attribute better performance to their own function. To avoid this type of common method bias, researchers must ensure that marketers are not overrepresented in the sample. Moorman and Rust (1999) thus draw a balanced sample of respondents from six different functions. Alternatively, one might collect company performance (and other) data using secondary data sources, which decouples the dependent variable from the independent variables (e.g., Vomberg, Homburg, and Gwinner 2020). For our data collection efforts, we use both methods (Moorman and Day 2016). First, we collected data about the clustering, firm descriptor, and validation variables from the CEOs of small firms that are not publicly traded; only 15% of these CEO respondents had marketing backgrounds. Second, we collected data on the clustering variables and some firm descriptor variables from mid-level managers in large, publicly traded companies, but we obtained other firm descriptor variables and some validation variables from publicly available sources.

[4] The 14 CMOs who affirmed the reasonableness of our typology (Table 2) were part of the group of 40 CMOs who helped develop the survey.

**Table 3** Description of data collection efforts

| | Sample 1 | Sample 2 |
|---|---|---|
| Firm ownership | Privately held | Publicly traded |
| Firm size (average revenue) | \$5–\$10 million | \$4.23 billion |
| Respondent | CEO | Mid-level managers |
| Respondent solicitation | LinkedIn request for CEOs interested in growth | Email messages to alumni of large U.S. universities and registrants on CareerShift (job and career management website), asking for study participants |
| Number of people seeing solicitation to participate | All who viewed LinkedIn while request was posted | 3,022 emails sent, 346 undeliverable; remaining 2,676 were sent two reminder email messages |
| Number of respondents | 278 started surveys | 170 completed surveys |
| Number of usable observations | 164 completed surveys | 131 passed attention check |
| Percentage of usable respondents with marketing background | 15% | 51% |
| Service vs. product mix | More services than products | More products than services |
| B2B vs. B2C | More B2B than B2C | More B2B than B2C |
| Industries representing > 10% of sample | Manufacturing, industrial, consulting, technology, business services | Manufacturing, services, finance, public administration |
| Percentage of observations with marketer on TMT* | 45% | 70% |
| Percentage of observations with marketing CEO | 15% | 16% |
| Firm performance** | Average Growth Rate = 2.47 | Average Tobin's q = 2.00 |
| Compensation for participating | Offered access to the final report but no reward or cost for survey participation | Offered access to the final report but no reward or cost for survey participation |

*In the first sample, "Marketer on TMT" is defined by the CEO's list of direct reports. In the second sample, it is based on survey responses

**The scale used in the CEO sample to measure growth rate was as follows: 1 = growing slower than my industry, 2 = growing at the same speed as my industry, 3 = growing faster than my industry. We refer to Tobin's q as the growth rate because, theoretically, it relates to the firm's expected future growth rate. We used the method proposed by Chung and Pruitt (1994) to measure Tobin's q

are statistically significantly more likely to exert control over any marketing decisions compared with companies in Cluster 3, as well as statistically significantly more likely to take control of product management, pricing, and distribution decisions compared with companies in Cluster 2. The companies in Cluster 2 are statistically significantly more likely to have control of brand management, advertising, public relations, and communications decisions than are companies in Cluster 3. Finally, companies in Cluster 3 have no distinctive control over any marketing decisions. The marketing decision control profile of Cluster 1 thus is consistent with a strategic differentiator in which marketing is a line function; Cluster 2 implies a differentiator in which marketing is a staff function; and Cluster 3 matches cost leaders in which marketing is a staff function. With Table 4., Panel a, we identify a taxonomy that is consistent with our proposed typology.

In the second data set, the three clusters include 18, 57, and 56 firms, respectively. Consistent with the results from our cluster analysis of the CEO sample, data from mid-level managers of large, publicly traded companies (Table 4., Panel b) indicate that companies in Cluster 1 are the most likely to have control of most marketing decisions. For each marketing decision, these companies are statistically significantly more likely than companies in Cluster 3 to take control, and Cluster 1 companies also are statistically significantly more likely to have control of product management, pricing, and distribution decisions than are companies in Cluster 2. Those companies in Cluster 2 in turn are statistically significantly more likely to have control of brand management, advertising, public relations, and communications decisions than are companies in Cluster 3. Again, companies in Cluster 3 have no distinctive control.

The consistency of these taxonomies (despite their reliance on very different data sets), as well as their resonance with the proposed typology of marketing organization types, leads us to conclude that they reveal three theoretically meaningful, operationally recognizable marketing organization types. We label[5] Cluster 1 *Growth Champions*. In these

[5] We borrow the *Growth Champion* and *Service Provider* labels from Landry, Tipping, and Dixon (2005). The term *Marcom Leader* was suggested by the CMO co-authors of this study.

**Table 4** Results of cluster analyses

| **a: CEO Sample** | | | | | | |
|---|---|---|---|---|---|---|
| Inferred source of competitive advantage | Differentiator | Differentiator | Cost Leader | Cluster Difference Scheffé Test Significance Level | | |
| Inferred marketing status | Line | Staff | Staff | | | |
| | **Growth Champion** Cluster 1 ($n = 32$) | **Marcom Leader** Cluster 2 ($n = 60$) | **Service Provider** Cluster 3 ($n = 72$) | Cluster 1 vs Cluster 2 | Cluster 1 vs Cluster 3 | Cluster 2 vs Cluster 3 |
| Brand management | .94 | .90 | .08 | | .000 | .000 |
| Advertising | .94 | .70 | .17 | .023 | .000 | .000 |
| Communications | .91 | .95 | .24 | | .000 | .000 |
| Product management | .84 | .12 | .26 | .000 | .000 | |
| Pricing | .81 | .07 | .17 | .000 | .000 | |
| Distribution | .38 | .05 | .10 | .000 | .000 | |
| Research | .94 | .38 | .31 | .000 | .000 | |
| Lead generation | .69 | .63 | .36 | | .007 | .006 |

| **b: Mid-Level Manager Sample** | | | | | | |
|---|---|---|---|---|---|---|
| Inferred source of competitive advantage | Differentiator | Differentiator | Cost Leader | Cluster Difference Scheffé Test Significance Level | | |
| Inferred marketing status | Line | Staff | Staff | | | |
| | **Growth Champion** Cluster 1 ($n = 18$) | **Marcom Leader** Cluster 2 ($n = 57$) | **Service Provider** Cluster 3 ($n = 56$) | Cluster 1 vs Cluster 2 | Cluster 1 vs Cluster 3 | Cluster 2 vs Cluster 3 |
| Brand management | .89 | .91 | .27 | | .000 | .000 |
| Advertising | .83 | .96 | .30 | | .000 | .000 |
| Communications | .50 | .82 | .13 | .009 | .002 | .000 |
| Product management | .83 | .16 | .05 | .000 | .000 | |
| Pricing | .72 | .09 | .04 | .000 | .000 | |
| Distribution | .78 | .07 | .07 | .000 | .000 | |
| Research | .67 | .46 | .20 | | .001 | .013 |
| Lead generation | .61 | .49 | .00 | | .000 | .000 |

Table 4 reports the results of Scheffé post-hoc tests, which indicate whether there is a statistically significant difference, across two clusters, in the proportion of firms whose marketing organizations have control of a particular marketing decision. To highlight statistically significant differences, we report significance levels only for those contrasts with $p < .05$ or better firms, the marketing organization is highly valued; marketers are the metaphorical quarterbacks of the team responsible for profit and loss and most marketing decisions. In our conversations with CMOs, we learned that consumer packaged goods companies such as Procter & Gamble often adopt Growth Champion marketing organizations. We label Cluster 2 *Marcom Leaders*, because in these firms, the marketing organization is in charge of customer mindsets, branding, and communications. According to our interviewed CMOs, technology companies and durable goods makers like Levi Strauss & Co. tend to have Marcom Leader marketing organizations. Finally, we label Cluster 3 *Service Providers*. In these firms, the marketing organization has control of virtually nothing and instead responds to requests for support from more powerful functions. The CMOs predict that raw material producers, banks, and hospitals are more likely to adopt a Service Provider marketing organization.

## Validation

To confirm the validity of our identified marketing organization types, we check for differences in demographic descriptors, which might suggest alternative explanations for the taxonomy. Instead, we hope to find specific differences in outcome variables across clusters, which would support our theoretical expectations. Some studies characterize a firm's marketing organization according to whether a marketer sits on its TMT, with the prediction that the marketing organization is more powerful if marketing is represented on the TMT (Feng et al., 2015). If control over more marketing decisions implies more power, we accordingly expect a link between the presence of a marketer on the TMT and the marketing organization type. Specifically, in line with Hambrick and Mason (1984), we expect marketing CEOs to be more prevalent among Growth Champions, for which we anticipate marketing is a line function. Similarly, we expect to find more marketers on the TMT among Growth Champion and Marcom Leader firms than Service Provider firms, because the former derive competitive advantages from differentiation.

Following prior marketing taxonomy literature (Web Appendix B), we thus consider evidence that marketing organization types are manifestations of differences in demographic variables. For both samples (see Panels a and b in Table 5), we find that demographic variables are largely unrelated to the marketing organization type. Thus, it is unlikely that firm demographics, rather than the firm's source of competitive advantage or assignment of marketing to a line or staff function, determine the marketing organization type.

In a further analysis, we seek evidence consistent with the predicted relationships of outcomes (marketing CEO and marketer on TMT) with marketing organization types. The data are consistent with our prediction that Growth Champion firms, in which marketing is a line function, are more likely to have a marketing CEO than are Marcom Leader or Service Provider firms. Table 6, Panel a, affirms that the differences are statistically significant for the CEO sample, and Panel b indicates that the differences are directionally correct (if not significant) for the mid-level manager sample. These data also are consistent with our prediction that Growth Champion and Marcom Leader firms, which draw competitive advantage from differentiation, are more likely to have a marketer on the TMT than are Service Provider firms. In both Panels a and b of Table 6, the differences across clusters are in the correct directions and statistically significant.

In summary, it is not likely that marketing organization type differences are manifestations of firm demographics. In both data sets, we also confirm that outcomes are consistent with typology-based predictions. The tests of most of these predictions are statistically significant, and even when they are not, the differences indicate the predicted direction. This evidence supports our contention that marketing organization types reflect the firm's source of competitive advantage and line versus staff authority assigned to the marketing function.

## Discussion and implications

Conceptually, the proposed marketing organization type typology arises from firms' decisions about their source of competitive advantage and line function. Empirically, we identify marketing organization types consistent with this typology across two different data sources: CEOs of small firms and mid-level managers of large, publicly traded firms.

## Implications for managers

Simply recognizing the existence of three types of marketing organizations can help managers reframe seemingly unresolvable differences. Managers likely assume some prototypical marketing organization that exists in all firms, reflecting their own idiosyncratic experience. In turn, managers with different experiences may find it difficult to communicate clearly with one another about the marketing function. For example, if a cost leader were to hire a new CMO, that CMO needs to recognize the marketing organization type of the new employer and avoid developing expectations of gaining decision authority (Nath & Mahajan, 2017). The firm is unlikely to give this new CMO real power, authority, or TMT support. If the CMO anticipates and accepts this role, no issues would arise.

**Table 5** Post hoc tests for differences in demographic variables

**a: CEO Sample**

| | Growth Champion Cluster 1 ($n=32$) | Marcom Leader Cluster 2 ($n=60$) | Service Provider Cluster 3 ($n=72$) | Significance Level of Scheffé Test of Cluster Differences: Cluster 1 vs Cluster 2 | Cluster 1 vs Cluster 3 | Cluster 2 vs Cluster 3 |
|---|---|---|---|---|---|---|
| Firm age | 3.25 | 3.30 | 3.42 | | | |
| Firm size | 2.59 | 2.55 | 2.63 | | | |
| % Product | .42 | .37 | .39 | | | |
| % B2B | .78 | .88 | .75 | | | |

**b: Mid-Manager Sample**

| | Growth Champion Cluster 1 ($n=18$) | Marcom Leader Cluster 2 ($n=57$) | Service Provider Cluster 3 ($n=56$) | Significance Level of Scheffé Test of Cluster Differences: Cluster 1 vs Cluster 2 | Cluster 1 vs Cluster 3 | Cluster 2 vs Cluster 3 |
|---|---|---|---|---|---|---|
| Size (Sales) | $2.45B | $5.96B | $3.02B | | | |
| % Product | .87 | .76 | .62 | | .049 | |
| % B2B | .65 | .77 | .66 | | | |

Table 5 only reports significance levels for Scheffé post-hoc tests with $p<.05$ or better. For firm age, 1 = less than 2 years, 2 = 2–5 years, 3 = 6–10 years, 4 = greater than 10 years. For firm size, 1 = less than $5 million in revenue, 2 = $5– < $10 million in revenue, 3 = $10– < $20 million in revenue, 4 = $20- < $50 million in revenue, 5 = $50 million or more in revenue

**Table 6** Post hoc tests for differences in outcome variables

**a: CEO Sample**

| | Growth Champion Cluster 1 ($n=32$) | Marcom Leader Cluster 2 ($n=60$) | Service Provider Cluster 3 ($n=72$) | Significance Level of Scheffé Test of Cluster Differences: Cluster 1 vs Cluster 2 | Cluster 1 vs Cluster 3 | Cluster 2 vs Cluster 3 |
|---|---|---|---|---|---|---|
| Marketing CEO | .34 | .15 | .07 | .044 | .001 | |
| Marketer on TMT | .66 | .52 | .31 | | .000 | .000 |
| Growth rate | 2.53 | 2.64 | 2.30 | | | .011 |

**b: Mid-Manager Sample**

| | Growth Champion Cluster 1 ($n=18$) | Marcom Leader Cluster 2 ($n=57$) | Service Provider Cluster 3 ($n=56$) | Significance Level of Scheffé Test of Cluster Differences: Cluster 1 vs Cluster 2 | Cluster 1 vs Cluster 3 | Cluster 2 vs Cluster 3 |
|---|---|---|---|---|---|---|
| Marketing CEO | .28 | .16 | .13 | | | |
| Marketer on TMT | .94 | .80 | .54 | | .000 | .002 |
| Tobin's q | 2.19 | 2.43 | 1.50 | | | .020 |

Table 6 reports significance levels for Scheffé post hoc tests with $p<.05$ or better

But prior evidence suggests that CMO jobs often are poorly designed (Whitler & Morgan, 2017), which can contribute to frustration, poor performance assessments, and a "revolving door" for CMOs (e.g., Ives, 2021). Our findings can aid in this aspect though because they show firms how to design and define their marketers' jobs. We note that this applies not only to the CMO job but to all marketing jobs across the firm. Once the firm identifies its own marketing organization type, it can establish clear expectations of marketers' jobs from the CMO on down and thus avoid role ambiguity that leaves employees uncertain about what their job requirements are (Lysonski, 1985). Role ambiguity has been linked to low job satisfaction and poor performance (Churchill et al., 1974), as well as anxiety, diminished trust, job-related tension, and reduced effort (Kahn et al., 1964). Firms can leverage our findings to establish and communicate marketers' roles and responsibilities prior to hiring new personnel; by clarifying expectations about marketing's role throughout the firm, organizational peers also may be less likely to overlook marketers' contributions or expect outcomes that marketers cannot deliver.

We hope marketers take note of our taxonomy and use it as they consider different firms, be it as a potential employer, customer, or competitor. Understanding whether a marketing organization serves as a Growth Champion, Marcom Leader, or Service Provider in a firm should be indicative of the career paths available to marketers within that firm. During conversations with CMOs with significant *Fortune* 500 work experience, we uncovered distinct marketing career paths for marketers working in the three types of marketing organizations.

A marketer in a Growth Champion firm is likely to function like a "mini general manager," with control over all marketing decisions and responsibility for brand strategy (positioning, creative execution, promotions, pricing, distribution) and product development (new product roadmaps, cost reduction projects). The major source of stress in such a marketer's career probably involves the need to present regular reports to the TMT. Marketers in Growth Champion organizations can aspire to become the CMO, division vice president, general manager, or even CEO.

A marketer in a Marcom Leader marketing organization instead should anticipate taking responsibility for the brand image but not for product development, pricing, or distribution decisions. Their major source of stress may entail demands to justify or to prove the effectiveness of marketing. Marketers in Marcom Leader organizations can aspire to become the CMO.

Finally, a marketer in a Service Provider marketing organization is not likely to be responsible for any key marketing decisions but might manage corporate communications or media relations. The major source of stress in such a marketer's career is unexpected strategic moves; they might aspire to become senior vice president of services.

Thus, the career opportunities for marketers often increase on a continuum from a Service Provider to a Marcom Leader to a Growth Champion organization. It is worth noting that their stress also likely increases; the great responsibility, authority, and opportunity in Growth Champion marketing organizations also imply higher performance expectations and greater stress.

Moreover, knowing what type of marketing organization exists in a focal firm may also be helpful for sales purposes. For example, marketers that are part of a Growth Champion marketing organization likely occupy a more central position in their firm's buying organization and hence have greater influence when it comes to deciding which supplier to buy from. Thus, suppliers to these firms may be well advised to form close relationships with the marketers in those firms. Finally, it may also be useful for marketers to classify their competitors in terms of their respective marketing organization types. Such a classification could help marketers in predicting their competitors' next moves. For example, when entering a recessionary period, competitors with a Growth Champion marketing organization may be more likely to (for example) develop a new integrated social media campaign to combat the crises than (for example) cut costs and prices.

## Implications for researchers

Applying the three types of marketing organizations (Growth Champions, Marcom Leaders, Service Providers) arguably can provide answers to important, unresolved questions about marketing excellence, upper echelons, and marketing strategy (see Table 7.). We consider these questions unresolved because prior literature offers divergent answers across different studies, which implies contingency factors. We offer the marketing organization type as a key contingency. The mix of marketing organization types represented by firms in a given study almost inevitably differs, so we should expect the divergent findings across studies.

To illustrate the explanatory power of our proposed typology, we consider the marketing excellence research question from Table 7.: "How do marketing managers use metrics?" Across the different marketing organization types, no single metric or metric set is universally appropriate. According to the input from the 14 surveyed CMOs (Table 2), we expect that a Growth Champion marketing organization focuses on measures of its ability to grow the firm and increase profits. A Marcom Leader marketing organization is likely a cost center, primarily responsible for brand image, so its performance should be measured in terms of its ability to influence the brand image and stay within budget. In contrast, we expect Service Provider marketing organizations to gauge their ability to satisfy other functions' requests for support while staying within budget.

Turning to the upper echelons research question, "In what firms do CEOs often have a marketing background?" the answer again may be contingent on the marketing organization type. Growth Champion marketing organizations possess line authority, and this line function is designed to prepare managers for top jobs, so the CEO candidates in these firms likely include many marketers. The probability of a marketing CEO is greater than it would be in firms with Marcom Leader or Service Provider marketing organizations.

Finally, regarding the marketing strategy research question, "What are the consequences of contemporary marketing organizations' differences?" we find that Growth Champion and Marcom Leader firms (i.e., strategic differentiators) seem to perform better than Service Provider firms (see Table 6.).

**Table 7** Unresolved research questions informed by the typology of marketing organization types

| Research Questions | Implications of Marketing Organization Typology for Research Question |
|---|---|
| *Marketing excellence* (Moorman & Day, 2016, pp. 7–10) | |
| Why is marketing's role so mixed across firms? | Marketing's role can be as a *Growth Champion*, *Marcom Leader*, or *Service Provider*. If it is a *Growth Champion*, the marketing organization is responsible for growth and controls all marketing decisions. If it is a *Marcom Leader*, the marketing organization controls decisions about brand and communications. If it is a *Service Provider*, the marketing organization controls no decisions and is responsible for no metrics |
| How do marketing and sales cooperate effectively? | In a *Growth Champion* marketing organization, marketing is a line function, and sales does what marketing tells it to do. In a *Marcom Leader* marketing organization, if sales is a line function, marketing does what sales tells it to do. In a *Service Provider* marketing organization, both marketing and sales do what the line function (probably operations or finance) tells them to do |
| How do marketing managers use metrics | Because the marketing organization types differ from one another, no single metric or metric set is appropriate for all marketers. We expect that a *Growth Champion* marketing organization is measured interms of its ability to grow the firm and increase profits. A *Marcom Leader* marketing organization is likely a cost center, primarily reponsible for brand image, and so it should be measured in terms of its ability to influence brand image and stay within budget. A *Service Provider* marketing organizations should be measured on its ability to satisfy other functions' requests for support while staying within budget |
| Why is growth delegated to non-marketing leaders? | Growth is the reponsibility of the line function. In *Growth Champion* marketing organizations, marketing is responsible for growth. In *Marcom Leader* and *Service Provider* marketing organizations, marketing is not the line function and therefore is not reponsible for growth |
| What drives marketing's influence in firms | Marketing's influence is driven by the firm's source of competitive advantage and decision whether to make marketing a line function. *Growth Champion* marketing organizations are the most influential, *Marcom Leaders* less so, and *Service Providers* are least influential |
| *Upper echelous* (Whitler et al., 2021, pp. 212–215) | |
| How does the CMO role vary across firms? What causes the variance? | If the CMO is the highest ranking person in the firm with a marketing title, the CMO should be more powerful in firms that differentiate (*Growth Champions* and *Marcom Leaders*) than in firms that are cost leaders (*Service Provider*), because differentiators prioritize marketing |
| What is marketing leadership's role in developing new products? | Because *Growth Champion* marketing organizations are reaponsible for growth, marketing leaders have full responsibility for new products, In *Marcom Leader* marketing leaders are consulted about new products. In *Service Provider* marketing organizations, marketing is uninvolved in new products |
| How likely is it that marketing is represented on the top management team? | The line function is the training ground for general and top management positions, so *Growth Champion* marketing organizations likely insert marketing-trained people on the top management team (TMT). Such TMT members may be general managers and not have marketing titles. Since *Marcom Leader* maketing organizations are differentiators that prioritize marketing, marketers may be present on the TMT. *Service Provider* marketers have no experience setting strategy, so they are unlikely to be present on the TMT |
| In what firms do CEOs often have a marketing background? | When the marketing organization has line authority (i.e., *Growth Champion*), marketers are better prepared for the CEO position and more likely to earn that title |

**Table 7** (continued)

| Research Questions | Implications of Marketing Organization Typology for Research Question |
|---|---|
| *Marketing strategy* (Morgan et al., 2019, pp. 25–26) | |
| Where do marketing strategy goals come from? Who sets/influences the criteria, levels, and referents? | In firm with a *Growth Champion* marketing organization, marketers set marketing strategy goals and generally develop marketing strategy; a firm with a *Service Provider* marketing organization likely excludes marketers from those discussion. Firms with *Marcom Leader* marketing organizations are likely to involve marketers in the strategy setting process but expect them to work with cross-fuctional teams. These differences have implications for strategy consistency, budgets, time spent on strategy development, implementation, adjustments, gasps between intended tactical marketing decisions, and realized enactment and accountability processes |
| Who is or should be involved in developing the firm's growth strategy? | In *Growth Champion* marketing organizations, marketing develops the firm's growth strategy. In *Marcom Leader* and *Service Provider* marketing organizations, the firm's growth strategy is likely developed by a (non-marketing) line function |

Specifically, in both samples, Marcom Leader firms perform significantly better than Service Provider firms (in terms of growth rate in the CEO sample and Tobin's q in the mid-manager sample); Growth Champion firms also perform better (if not significantly so) than Service Provider firms. This finding may be consistent with Srivastava et al. (1998) assertion that firms with market-based assets grow faster and are more valuable than firms without market-based assets. More generally, we hope future research will further investigate the relationships of the three marketing organization types with different performance outcomes, such as customer based, product market, accounting, and financial market outcomes, as well as potential trade-offs among these outcomes (e.g., Katsikeas et al., 2016).

In addition to helping researchers refine their hypotheses, a taxonomy can direct researchers' efforts to draw better samples (Haas et al., 1966). When Homburg et al. (2015) attempt to match their sample to the one used by Homburg et al. (1999), they rely on industry sector, sales volume, and number of employees, then conclude that the marketing function had lost power to the sales function. But if instead they had matched their samples to firms with the same marketing organization type, would they still have found a power shift from marketing to sales? This is an empirical question of particular relevance. It would be enlightening if future research efforts could she light onto this important issue pertaining to the relative role of marketing and its organization within firms.

## Implications for educators

Marketing textbooks implicitly suggest that every firm is a strategic differentiator and marketing is always a line function. Naturally then, students enter the job market with an inaccurate expectation that their marketing jobs will grant them decision-making power and upward mobility associated with line positions. To the extent that our data sets are representative, we caution that real-world firms do not reflect these assumptions, in approximately 83% of cases. Even if the basic components introduced by marketing textbooks (e.g., market research, lead generation, brand management, product management, price, distribution, advertising, communications) are keys to firm growth, the textbooks fail to make it clear that these decisions are not necessarily made by employees with marketing titles. Hence, we urge educators to acknowledge in their courses and textbooks that not every firm has an "all powerful" marketing organization. We do our students a disservice if we recruit them into our major by promising that in every firm they will have broad decision-making authority as marketers. We hope educators will adopt our taxonomy, share it with their students, and hence provide them with an understanding of the different types of marketing organizations that exist in firms. Equipped with this insight, marketing students should be in a better position to assess their options and pursue those firms that best fit their career goals.

## Future directions

We expect that answers to many important research questions hinge on the nature of the marketing organization, so continued research should take this feature into account. In studies premised on deep analyses of a single firm, researchers should identify the firm as a strategic differentiator or cost leader and discern whether its marketing organization is a line function, because such factors can help explain their findings. In analyses of multiple firms, researchers instead could use the marketing organization type as a main effect or a moderator. Survey data should enable researchers to identify the source of competitive advantage and the function of marketing, whether directly by asking related questions or indirectly by asking about which marketing decisions the marketing function controls. If the analyses rely on archival Compustat data, researchers still can infer the source of competitive advantage by noting whether the firm separates its advertising expenditure out of SG&A (McAlister et al., 2016). They might get a sense of the line function by analyzing annual reports or by counting words associated with each function.

Our typology also challenges the causality of the relationship among marketing's power, accountability (i.e., able to link marketing to financial outcomes; O'Sullivan and Abela 2007; Verhoef & Leeflang, 2009), and innovativeness (i.e., marketers initiate new products; Verhoef & Leeflang, 2009). Prior studies often feature accountability and innovativeness as antecedents of marketing's power, with the recommendation that marketers become more accountable and innovative if they seek to gain more power. Our typology suggests the opposite direction of causation. That is, our typology indicates that marketing's power is greatest among Growth Champion firms, in which marketing is completely in control of the decisions that drive financial outcomes and new products, so marketers can be accountable and innovative. Marketing's power is lowest in Service Provider marketing organizations, in which marketing is a staff function in a cost leader firm, unable to influence financial outcomes or new products, such that it cannot be either accountable or innovative. We caution though that neither prior research that identifies accountability and innovativeness as antecedents of marketing's power nor our work, which predicts that varying levels of marketing's power (i.e., Growth Champion > Marcom Leader > Service Provider) determine whether it is accountable and innovative, can establish the direction of causation confidently. Richer data are needed to address this question.

Another route for research might address whether marketing misbehavior (Srinivasan & Ramani, 2019) diminishes among firms with powerful Growth Champion marketing organizations compared with firms with less powerful marketing organization types. We also suggest studies into the marketing implications of digital marketing, customer experience management, or the COVID-19 pandemic for different marketing organization types. In research focused on Growth Champion marketing organizations, we hope for insights into their implications for marketing's influence in the upper echelons (Whitler et al., 2021) and for driving the organization toward agility (Kalaignanam et al., 2021).

## Conclusion

Marketing organizations differ significantly across firms. Yet, no method-transparent taxonomic study of marketing organization types existed thus far, allowing for significant confusion among both scholars and managers. We present such a study in this article and reveal three seemingly robust marketing organization types: Growth Champions, Marcom Leaders, and Service Providers. Marketing detractors may revel in our finding that in Service Providers (about 43% of firms), marketers likely all but "put spin" on the meaningful value created by others. Yet, marketing proponents should be encouraged by our finding that marketers do more than that as Marcom Leaders (about 40% of firms)—and much more than that as Growth Champions (about 17% of the firms). We hope our taxonomy, supported by our conceptual typology, will help resolve conflicting views about marketing organizations and help address previously unresolved research question. We also hope it will help prepare marketing students and practitioners for the variety of marketing career paths available to them.

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## Declarations

**Conflict of interest** The authors declare that they have no conflict of interest.

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