



Working Paper

Getting Marketing Back in the Boardroom: Understanding the Drivers of Marketing's Influence within the Firm by Peter Verhoef and Peter Leeflang, 2008 [08-104]

As many strategically important aspects of marketing are addressed by other functions in the organization, the decreased influence of the marketing department within companies is a topic of growing debate. In this study, the authors investigate this diminished influence and assess its determinants and consequences. They interviewed 25 marketing and finance executives from leading Dutch firms. They also conducted a large-scale Internet-based survey of several hundred marketing, finance, and general managers.

Their results show that accountability and the innovativeness of the marketing department are the major drivers of the marketing department's influence. They also demonstrate that a firm's short-term orientation is negatively related to the influence of the marketing department. Marketing influence is positively related to market orientation, which is positively related to firm performance. Their results do not support prior findings of a direct positive link between marketing influence and firm performance, which might suggest that there is no need for a strong marketing department. The study suggests that an influential marketing department is relevant primarily when the firm is not market oriented. When firms are market oriented, a less influential marketing department does not lower their performance. Hence, it appears that they can choose to have an influential or noninfluential marketing department without any repercussions for their performance. Marketing activities could move to other functions.

The authors suggest that marketing departments should aim to retain their influence. Dispersing marketing decision making among many functions can cause a lack of coordination; customers also lose their advocate within the firm.

How can marketing departments regain their influence? The authors suggest two general solutions. First, marketing departments should become more accountable by linking marketing actions and policies with financial results. Marketers should become capable in analytics and finance. Second, they should become more innovative by increasing their share in new product or service concepts. They can do so by using their knowledge of the market and customers to contribute to new product or service development.

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