THE IMPACT OF MARKET-DRIVEN VS. MARKET-DRIVING STRATEGIES ON PRODUCTS' SHORT-TERM AND LONG-TERM SALES GROWTH

UTJECAJ STRATEGIJA UPRAVLJANJA TRŽIŠTIMA PREMA STRATEGIJI PRILAGODBE TRŽIŠTIMA NA KRATKOROČNI I DUGOROČNI RAST PRODAJE PROIZVODA

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Abstract

Purpose – This paper explores the role of two different strategic approaches in marketing – market-driven and market-driving strategies – in relation to company performance. These different approaches are related to two different competitive landscapes: (a) competitive landscape in which companies react responsively to consumer preferences, suited for market-driven strategies; and (b) competitive landscape in which companies proactively shape consumer preferences, suited for market-driving strategies. The aim of the paper is to explore the manner in which these approaches contribute to a company's short- and long-term performance.

Design/Methodology/Approach – An online survey was conducted among knowledgeable respondents in charge of marketing strategies in organizations (n=255). Data was analyzed using regression analysis with market focus, offer focus, competitive intensity, and product innovation as control variables.

Sažetak

Svrha – Rad u dva različita konkurentska okruženja istražuje ulogu strateških pristupa tržištima na uspješnost poduzeća, a to su: (a) konkurentsko okruženje u kojem poduzeća brzo reagiraju na preferencije potrošača, što iziskuje strategije prilagodbe tržištu; i (b) konkurentsko okruženje u kojem poduzeća proaktivno oblikuju preferencije potrošača, što iziskuje strategije upravljanja tržištima.

Dizajn/metodologija/pristup – Provedeno je online istraživanje na ispitanicima zaduženim za marketinške strategije u organizacijama (n=255). Analiza je rađena pomoću regresijske analize koristeći tržišni fokus, fokus na ponudu, intenzitet konkurentnosti i inovativnost proizvoda kao kontrolne varijable.

Rezultati i implikacije – Rezultati pokazuju, dok strategije prilagodbe tržištu rezultiraju većom prodajom u kratkom roku, strategije razvoja tržišta ključne su za veću prodaju u dugom roku. Što se tiče dugoročnog

Findings and implications – Results indicate that, while a market-driven strategy leads to greater sales over a shorter time span, a market-driving strategy is the key for greater sales in the long run. With regard to long-term sales growth, results indicate that, although a market-driven strategy ensures short-term gains, it cannot be a source of long-term prosperity. This implies that, although market-driven strategies might have been a source of competitive advantage in the past, keeping in mind and responding to consumer preferences is a mere cost of competing nowadays and cannot be a source of sustainable competitive advantage (or of long-term prosperity).

Limitations – Limitations arise primarily from the sample, which encompasses companies within only one EU country. Additionally, research relies on self-reported measures of variables.

Originality – This paper contributes to the literature on market orientation by stressing the importance of separately considering two facets of market strategies (market-driven vs. market-driving strategies) given their varying roles in driving different aspects of performance.

Keywords – market-driving strategies, market-driven strategies, short-term performance, long-term performance

rasta prodaje, rezultati pokazuju da iako prilagodba tržištu osigurava kratkoročnu uspješnost poduzeća, ona ne može biti izvor dugoročnoga prosperiteta. Ovaj rezultat implicira da su danas strategije prilagodbe tržištu trošak konkuriranja, a ne izvor konkurentske prednosti u duljem roku.

Ograničenja – Ograničenja primarno proizlaze iz uzorka koji obuhvaća poduzeća unutar jedne EU države te iz oslanjanja na mjere varijabli temeljene na inputima ispitanika. No takva ograničenja ne umanjuju implikacije rezultata istraživanja.

Originalnost – Rad doprinosi literaturi u području tržišne orijentacije naglašavajući važnost sagledavanja dviju zasebnih aspekata tržišnih strategija (prilagodbe tržištu i upravljanja tržištem), a s obzirom na njihove različite uloge u ostvarivanju ciljeva.

Ključne riječi – strategije prilagodbe tržištu, strategije razvoja tržišta, kratkoročni prodajni rezultati, dugoročni prodajni rezultati

1. INTRODUCTION

While the concept of market orientation has provided a framework for customer management aimed at driving the sustainable competitive advantage of products and companies (Kumar, Jones, Vankatesan & Leone, 2011), understanding the extent to which managers should adjust their market offering to market expectations (market-driven strategies) vs. the extent to which they should change market expectations to adjust them to their market offering (market-driving strategies) remains a challenge. By focusing only on market-driven strategies, companies face the risk of customer myopia (Christensen & Bower, 1996) and a possible decline in profitability (Kim & Mauborgne, 1999).

Market-driving and market-driven strategies have been clearly distinguished to reflect different conceptualizations of markets by companies: either as exogenous (in case of market-driven strategies) or endogenous (in case of market-driving strategies) to company efforts. In this paper, we focus on understanding how market-driving and market-driven strategies affect company performance. Generally, our discussion is grounded on the idea that a market-driven strategy presents an exploitation of existing market competences because it involves a response to existing consumer preferences; meanwhile, a market-driving strategy implies an exploration of new market competences because it requires competences in managing consumer preferences and competing in a different competitive landscape.

The literature on competence exploitation and competence exploration indicates that organizations face difficulties in managing short-term focused competence exploitation activities (such as market-driven strategies) simultaneously with long-term focused competence exploration activities (such as market-driving strategies), that is, they run into difficulties in building ambidextrous capabilities. Moreover, the literature recognizes that organizations are more likely to focus on exploitation, which tends to be detrimental to more innovative approaches and competence exploration (Levinthal & March, 1993; Atuahene-Gima, 2005; Leonard-Barton, 1992). A market-driving strategy, or the exploration of new competences, involves experimentation in developing and implementing radically different market approaches (Atuahene-Gima, 2005), thus implying greater risk but also greater potential benefits, especially in the longer term (March, 1991).

Therefore, this paper seeks to gain understanding of how short-term and long-term performance are affected differently in the case of companies pursuing a market-driven as opposed to a market-driving strategy. Results indicate that, while market-driven strategies lead to greater sales in the short run, market-driving strategies are the key for greater sales over a longer term. This research contributes to the literature on market driving as it compares the impact of market-driving vs. market-driven strategies, namely, an explorative vs. exploitative strategy, on short-term and long-term performance, thus providing insights into their effectiveness.

2. CONCEPTUAL MODEL

Consumer preferences are generally considered fixed and exogenous to company efforts (Carpenter & Nakamoto, 1994a; Schmalensee, 1982). To facilitate our discussion of market-driving strategies, it is important to relax this assumption and allow that consumer preferences are, at least in part, endogenous to company efforts. Several literature streams have provided supporting arguments for relaxing this assumption: environmental management (Zeithaml & Zeithaml, 1984), consumer education (McNeal, 1978; Bloom & Ford, 1979), socio-cognitive market theories (Rosa & Spanjol, 2005; Humphreys, 2010), behavioral economics (Tversky & Kahneman, 1981), etc. Depending on whether the consumer preference exogeneity assumption is taken, or relaxed, we argue that there are two distinct (but interconnected) types of competition: (a) one in which companies compete over detecting the consumer preference structure and catering to consumer preferences; and (b) the other in which companies compete, not over catering to consumer preferences, but rather over changing the preference structure of consumers (see Carpenter & Nakamoto, 1994b).

Depending on the type of competition companies engage in, they can pursue one of the two generic strategies: a market-driven strategy, defined as the extent to which marketing activities for the focal product focus on adapting it to consumer preferences; and a market-driving strategy, defined as the extent to which marketing activities for the focal product focus on changing consumer preferences in a way that enhances the consumer's perceived benefit from the focal product. Our definitions are complementary to those provided by Jaworski, Kohli, and Sahay (2000, p. 45), who see market driving as a facet of market orientation and define it as an orientation focused on "influencing the structure of the market and/or the behaviors(s) of market players in a direction that enhances the competitive position of the business". Thus, market driving is considered to be a strategy by these authors, who argue that market orientation can lead to either one of the two strategies. Several other contributions have used the term "market-driving strategies", generally implying an active role of the company in the market rather than a passive, or responsive, role (Kumar, Scheer & Kotler, 2000; Kumar N., 1997).

Dependent variables in our analysis focus on long-term vs. short-term aspects of product performance, defined in relative terms (Im & Worman Jr., 2004). Short-term sales growth is defined as the extent to which sales increased in the previous year as compared to the sales growth experienced by competitors in the same period. Long-term sales growth is defined as the extent to which focal product sales are expected to experience greater growth in the next three years than those of competitors' products over the same period.

Beyond market-driving and market-driven strategies that are the focus of this research, we have included product (product innovation), company (market focus, offer focus), and competitive (competitive intensity) characteristics that can be claimed to underly the market-driving strategy's effects on performance. As those control variables are not in our focus, no explicit hypotheses have been formulated as to their influence. Each included variable and the rationale for its inclusion are discussed briefly below.

Product innovation is defined as the extent of meaningful change in the core of the product (Chandy & Tellis, 1998; Gatignon, Tushman, Smith & Anderson, 2002). Meaningfulness of the change is primarily evaluated as the enhancement of consumer benefits. Product innovation is included as a control variable in order to accommodate for previous literature that has discussed market driving as a byproduct of product innovation (Carpenter & Nakamoto, 1989). Thus, we argue that the market-driving strategy influences growth in the sales of products above and beyond the effects that occur as a market-driving byproduct of product innovation (as these products become prototypical for the category).

The market characteristics on which the company is operating – business-to-business vs. business-to-consumer – are also included as controls. In addition, we control for the extent to which the company's outputs are predominantly products as opposed to services. Competitive intensity, defined as the extent to which a company's product has strong competition in the market (see Zhou, Yim & Tse, 2005; Jaworski & Kohli, 1993), is also controlled. We argue that market-driven and market-driving strategies can lead to favorable outcomes in terms of sales growth, regardless of its market focus, offer focus, or the competitive pressures it faces.

3. RESEARCH HYPOTHESES

As previously discussed, market-driven strategy implies competition in outperforming competitors on what consumers find meaningful, relevant, and valuable (Aaker, 1991; Kotler &

Armstrong, 2009). Market-driven companies have superior capabilities for gathering, interpreting, and using market information even in an anticipatory manner (Day, 1994). Such companies sense trends ahead of their competitors (Day, 1994) and are better at learning, understanding, and responding to existing consumer preferences (Jaworski et al., 2000). Thus, they need exploitative competences in order to exploit the existing market structure and consumer cognitive structures to optimize outcomes (e.g., profits).

Although Christensen and Bower (1996) argue that excessive focus on consumers can be detrimental for company performance, we note that a market-driven company is driven by both existing and latent consumer needs (Slater & Narver, 1998; Jaworski et al., 2000), which are expected to have a positive impact on performance (Narver, Slater & MacLachlan, 2004). There is substantial evidence in the literature to support the notion that companies that are market-driven, and thereby better at discovering, identifying, and responding to consumer preferences, enjoy competitive advantage and superior performance in terms of sales, profits, and market share (Day & Montgomery, 1999; Carpenter & Nakamoto, 1994a; Deshpandé, Farley & Webster Jr., 1993).

Catering to consumer needs is likely to prompt more consumers to buy a product that best fits their expectations, thus enhancing the product's short-term market share and sales. With regard to profits, although one can argue that a greater number of consumers would not result directly in profits, the literature generally states that catering to consumer wishes would enhance consumer satisfaction, thus leading to consumer loyalty and profitability (Rust, Ambler, Carpenter, Kumar & Srivastava, 2004). Moreover, the resulting loyalty is found to have a positive impact on several performance measures, including on future sales, leading to long-term sales growth (Aksoy, Cooil, Groening, Keiningham & Yalçın, 2008; Anderson, Fornell & Lehmann, 1994). For the above reasons, we hypothesize the following:

H_{1a}: Market-driven strategy has a positive impact on short-term growth in product sales.

H_{1b}: Market-driven strategy has a positive impact on long-term growth in product sales.

As previously discussed, market-driving strategy relates to a different kind of competitive scenario, where competition takes place over altering consumer preferences to create an asymmetric preference structure favoring the focal product. In the literature, managing consumer preferences has been found to be a source of first-mover advantages as it creates perceptual monopoly, thus enhancing both short- and long-term product performance (Carpenter & Nakamoto, 1989). However, apart from such advantages for the first movers, late movers can also benefit by moving consumers away from their current preference structures rather than trying to outperform the first movers on their prototypical qualities (Carpenter & Nakamoto, 1994a). In addition, research has shown that the market-driving strategy tends to inspire loyalty (Carpenter & Nakamoto, 1994a), which in turn has strong implications for different long-term and short-term performance measures. As cognitive changes are difficult to achieve, once these occur, they tend to be relatively enduring and as such have implications for a company's long-term performance. Thus, we hypothesize:

H_{2a}: Market-driving strategy has a positive impact on short-term growth in product sales.

H_{2b}: Market-driving strategy has a positive impact on long-term growth in product sales.

4. METHODOLOGY

The study was conducted using an online survey among key informants – individuals in charge of marketing decisions (see Atuahene-Gima & Murray, 2004). The Amadeus database was used to extract a list of eligible companies in a European country, after which 1,573 companies were contacted via e-mail. Data collection yielded a total of 315 responses (20.03% response rate), implying the respondents completed the survey in full. To

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derive the final dataset, we removed responses which were characterized as: (1) incomplete responses, (2) responses with timing significantly below average response timing, (3) responses that did not correlate on control questions, and (4) responses by respondents who are not responsible for marketing efforts for the product concerned (Homburg & Jensen, 2007). As a result, the final dataset contained 255 usable responses (16.21% response rate), which is comparable to other research targeting marketing managers as respondents (e.g., Verhoef & Leeflang, 2009).

In order to measure the variables, we used self-assessment measures, which can exhibit some bias. However, prior research has found that utilization of self-assessment measures can be considered beneficial as some more objective measures can also exhibit biases in measurement, and might not be available and/or reliable at the needed unit of analysis (see Gatignon et al., 2002). Where possible, constructs were measured using existing scales from the literature, which were refined to fit the purpose. Thus, the product innovation measure was based on Gatignon and Xuereb (1997) and Gatignon et al. (2002), measures for market focus and offer focus were based on Verhoef and Leeflang (2009), while the measure for competitive intensity was based on Zhou et al. (2005). Dependent variables (i.e., short-term and long-term product sales growth) were measured following Jaworski and Kohli (1993), Im and Workman (2004), and Bergkvist & Rossiter (2007).

TABLE 1: Variable correlations

	(1)	(2)	(3)	(4)
(1) Market-driven strategy	**.572**			
(2) Market-driving strategy	.099***	**n/a**		
(3) Short-term performance	.044***	.094***	**.577**	
(4) Long-term performance	.068***	.168***	.159***	**.789**

Diagonal elements show AVE (n/a for formative and single-item scales). Off-diagonal elements are squared correlations.

Measurement properties of the constructs were assessed, with the measures exhibiting good model fit with the data (χ^2=138.81, df=56; p<.000; CFI=.956; RMSEA=.076), and with average variance extracted (AVE) and composite reliabilities (CR) above the recommended levels of .5 and .7 (Hair, Black, Babin & Anderson, 2010) and factor loadings above .5. In addition, the AVE for any two constructs was compared with the square of the correlation estimate between those two constructs (Fornell & Larcker, 1981; Hair et al., 2010). Our analyses indicated validity and reliability of the measures (see Table 1). To control for the common method bias, we followed Verhoef and Leeflang (2009), and we compared the company-level financial performance data based on the responses and financial reports, finding no significant inconsistencies. We also checked the responses provided using publicly available data (web sites, reports to shareholders, newspaper archives), testing for face congruency. Testing was also done for multicollinearity, with data indicating that all variance inflation factor scores were <4, as advocated by the literature (Verhoef & Leeflang, 2009; Hair et al., 2010).

5. RESULTS

The sample was made up of respondents from organizations operating equally in business-to-business and business-to-consumer markets (MD=-.027; SD=2.277; t=-.193; p=.847), which are more product-oriented than service-oriented (MD=-.323; SD=2.581; t=-1.993; p=.047). In terms of size, respondents came from companies with: (a) <50 employees – 49.4%, (b) 51-250 employees – 19.2%, (c) 251-1 000 employees – 15.3%, and (d) >1,000 employees – 16.1% of organizations in the sample.

TABLE 2: Estimation results

	DV: Short-term product sales growth			DV: Long-term product sales growth		
	(1)	(2)	(3)	(4)	(5)	(6)
Market focus (B2B vs. B2C)	.054 (.040)	.058 (.039)	.044 (.038)	.061 (.041)	.064 (.041)	.037 (.038)
Offer focus	-.037 (.035)	-.039 (.035)	-.048 (.034)	.001 (.037)	-.001 (.036)	-.014 (.034)
Competitive intensity	-.332*** (.089)	-.341*** (.087)	-.321*** (.085)	-.315*** (.091)	-.324*** (.091)	-.287*** (.084)
Product innovation	.263*** (.093)	.165* (.098)	.105 (.096)	.390*** (.095)	.307*** (.101)	.213** (.094)
Market-driven strategy		.263*** (.095)	.163* (.094)		.228** (.098)	.060 (.094)
Market-driving strategy			.398*** (.092)			.615*** (.094)
Constant	4.447*** (.231)	4.439*** (.228)	4.529*** (.221)	4.082*** (.239)	4.083*** (.237)	4.228*** (.220)
F	5.674***	6.215***	8.680***	7.389***	7.099***	14.148***
R^2 (overall)	.084	.113	.176	.096	.130	.265
Sig R^2 change	5.674***	7.755***	18.755***	7.389***	5.394**	43.092***

*p < 0.10; **p < 0.05; ***p < 0.01;

Note: The table reports the estimated coefficients, with standard errors listed underneath in parentheses.

Regression analyses performed using the SPSS software package.

Table 2 presents the estimation results analyzing the role of market-driven vs. market-driving strategy in relation to the aggregate short-term and long-term product sales growth. The results show that, where market-driving strategy is not considered, market-driven strategy significantly impacts both short-term (Model 2; β=.263, SD=.095) and long-term (Model 5; β=.228, SD=.098) product performance in terms of sales growth. However, once market-driving strategy is included in the model, market-driven strategy remains somewhat significant for the short-term product sales growth (Model 3; β=.163, SD=.094) while completely losing significance for long-term product sales growth (Model 6; β=.060, SD=.094). H1a and H1b are thus confirmed, with market-driven strategies being important for short-term sales growth, but only marginally significant for long-term growth in product sales if market-driving strategies are considered. On the other hand, market-driving strategy exhibits strong significant impact on both short-term (Model 3; β=.398, SD=.092) and long-term (β=.615, SD=.094) product performance in terms of sales growth, thus confirming H2a and H2b. Therefore, market-driving strategies can be characterized as dominant strategies both for short-term and long-term product sales growth.

The same conclusion is reached with respect to the role of market-driven and market-driving strategies in relation to short-term as opposed to long-term product performance even when long- and short-term product performance are measured using several measures (see Im & Worman Jr., 2004) encompassing: (a) market share growth, (b) sales growth, and (c) profit growth in relative terms to competitors (see Table 3). The results also provide interesting insights regarding the control variable of product innovation, which exhibits a significant impact on long-term performance (see Table 2 and 3; Models 4, 5, 6); it was also shown to have an impact on short-term performance, but only when companies are not pursuing market-driving strategies (see Table 2 and 3, Models 1, 2, 3). Therefore, while market strategies are of primary importance for performance in the short run, product innovation is highly significant for driving long-term desirable outcomes.

TABLE 3: Estimation results

	DV: Short-term product performance			DV: Long-term product performance		
	(1)	(2)	(3)	(4)	(5)	(6)
Market focus (B2B vs. B2C)	. 012 (.027)	.015 (.026)	.007 (.026)	.029 (.028)	.029 (.028)	.015 (.027)
Offer focus	-.031 (.024)	-.033 (.023)	-.038* (.023)	-.002 (.025)	-.003 (.025)	-.003 (.024)
Competitive intensity	-.220*** (.060)	-.226*** (.059)	-.214*** (.057)	-.140** (.063)	-.140** (.062)	-.112* (.060)
Product innovation	.154** (.062)	.088 (.066)	.051 (.065)	.255*** (.066)	.193*** (.069)	.144** (.067)
Market-driven strategy		.177*** (.064)	.117* (.064)		.169*** (.065)	.093 (.064)
Market-driving strategy			.240*** (.062)			.305*** (.067)
Constant	.078 (.156)	.073 (.154)	.127 (.150)	-.083 (.163)	-.075 (.161)	-.030 (.154)
F	5.008***	5.669***	7.467***	5.148***	5.598***	8.618***
R^2 (overall)	.075	.104	.155	.088	.096	.197
Sig R^2 change	5.008***	7.763***	14.856***	5.148***	6.831***	21.071***

*p < 0.10; **p < 0.05; ***p < 0.01;

Note: The table reports the estimated coefficients, with standard errors listed underneath in parentheses.

Regression analyses performed using the SPSS software package.

6. DISCUSSION

This research study analyzed the impact of a market-driving strategy as an exploratory strategy and that of market-driven strategy as an exploitative strategy on short-term vs. long-term product performance in terms of sales growth. While the consumer has always been considered king and the company's purpose (and its source of success), also seen as the satisfaction of consumer needs and the response to their preferences (Kotler, Armstrong, Wong & Saunders, 2008), this study tests the idea that, apart from that competitive landscape (suitable for market-driven strategies), companies can also compete in another competitive landscape, where competition relates to the management of consumer preferences (suitable for market-driving strategies). In the first case, the winner is the one who can best satisfy consumer needs, while in the second competitive landscape, it is the one who is able to generate an asymmetric preference structure favoring the company's products.

Our results indicate that the market-driven strategy is an important strategy, especially for short-term product sales growth. It enables companies to grow by satisfying consumer needs better than their competitors. In such a situation, the focal company's consumers have an incentive to remain loyal, as the company is satisfying their needs, while the competitors' consumers have an incentive to switch to better satisfy their needs using the focal company's product. Where the market-driving strategy is not considered, the market-driven strategy shows significance for long-term sales growth too. However, once the market-driving strategy is included in the model, the impact of the market-driven strategy on long-term results becomes insignificant. Moreover, once the interaction term is added to the model, although in itself having insignificant impact, it implies that organizations which pursue both market-driven and market-driving strategies would be better off pursuing only market-driving strategies.

When it comes to long-term sales growth, results indicate that, although the market-driven strategy ensures short-term gains, it cannot be a source of long-term prosperity. This implies that, while the market-driven strategy might have been a source of competitive advantage in the past, keeping consumer preferences in mind and responding to them can nowadays be seen as a cost of competing and not as a source of sustainable competitive advantage, which is important for driving long-term sales growth for the focal product (Kumar et al., 2011). Being market-driven seems to be more of a short-term survival strategy than a source of long-term growth.

In addition to considering the impact of the market-driven strategy on performance, this research study presents an empirical analysis of market-driving strategies. The results obtained indicate that the market-driving strategy shows great promise for both short- and long-term performance, thus confirming H3 and H4. Market-driving strategies can, therefore, enhance short-term and long-term sales growth by creating an asymmetric preference structure in such competitive landscape. This enables companies to move away from the existing fierce competition to outperform competitors in product innovation (with diminishing profitability), toward a different competitive landscape developed to be uniquely suited to favor a company's product, thus enabling it to claim greater profits (Kim & Mauborgne, 1999).

Our results show that, where the market-driving strategy is not considered, the market-driven strategy shows significance in a greater number of instances, thus leading to potentially misleading conclusions. Where both strategies are considered, they should be balanced to ensure both short-term gains (market-driven strategy) and long-term prosperity (market-driving strategy) while focusing on both market and financial measures of performance.

7. IMPLICATIONS FOR PRACTICE

The results of this research study indicate that organizations are required to simultaneously compete in two distinct competitive scenarios. The first competitive scenario, which implies exogeneity of consumer preferences, requires organizations to deeply understand consumer preferences in order to create the best response to their preference structures. The other competitive scenario implies endogeneity of consumer preferences, making it the responsibility of marketing to proactively invest into managing consumer preferences rather than responding to them.

An important implication is that marketing departments themselves might hinder the use of market-driving strategies as they tend to focus on a more easily pursued, responsive approach to markets, namely by responding to market preferences. In focusing on such short-term results, they may misleadingly overlook the benefits of market-driving strategy, especially for the company's long-term performance. Thus, in defining their goals, companies cannot be passive and wait for latent needs to appear. Rather, they

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should take an active part in the management of consumer preferences: increasing consumers' motivation to address their needs, changing their perceptions about the focal category's usefulness, and educating consumers on how to make choices within that category.

Moreover, the marketing metrics used should reflect more than a snapshot of the market (e.g., short-term results), providing a more long-term, and increasingly individualized, perspective of the market (e.g., purchase likelihood, customer lifetime value). These measures facilitate a company's focus on taking an active part in the market-driving competitive landscape. Otherwise, a company that is not driving markets accepts to merely respond to market situations which are generated by its competitors and/or random changes in consumer cognition.

The research results imply a highly strategic role of the marketing department, which stands to benefit from adopting a more audacious market strategy – the market-driving strategy. The two strategies at issue do not imply different importance of marketing in executing them. Rather, they point to a different role of marketing. In the case of the market-driven strategy, marketing refers to the collection and processing of consumer data with the aim of providing consumers with the best response. In the case of the market-driving strategy, marketing oversees innovations, that is, meaningful changes of consumer preference structures.

8. RESEARCH LIMITATIONS AND FURTHER RESEARCH

As is the case with every study, this study has several limitations. Firstly, its limitations arise from data collection, as research data was collected in only one EU country. Also, data was collected using self-reported measures, which could be considered a limitation, even though the literature suggests that objective measures of innovative strategies tend to be "inaccurate or unavailable" and calls for the use of relative subjective measures (see Im & Worman Jr., 2004; Han, Kim & Srivastava, 1998). The third limitation arises from the sampling approach, given that only existing companies (listed in the Amadeus database) were considered, thus implying possible survival bias. Finally, the use of cross-sectional data has inherent limitations for inferring causal relationships and studying dynamics.

By outlining the importance of market-driving strategies, this study opens potential avenues for further research. First, further research needs to focus on understanding how market-driving strategy is translated into actual action, that is, on the direct and indirect ways in which a company can alter consumer decision-making and preference-formation processes. In addition, research should strive to understand the moderators of the relationship between the market-driving strategy employed by a company and its performance, focusing on the question of which consumer, product, and environmental characteristics alter the effectiveness of market-driving strategies with respect to company performance. Third, given the boldness of such a marketing strategy, the question is what prompts companies to be more market-driving, that is, which antecedents underlie the market-driving strategy. As it is a highly strategic decision that requires competition in a different competitive landscape, further research should consider antecedents at different levels: the macro, company, department, and individual level. Fourth, given the different abstraction levels of market-driving components, further research should also attempt to uncover when companies may implement a cooperative as opposed to a competitive market-driving strategy. Moreover, the question to explore is how companies can cooperate in this context, that is, which modes of cooperation can be pursued. Finally, given that the market-driving strategy implies managing consumer preferences, further research should consider the ethical aspects of market-driving strategies.

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APPENDIX A: MEASURES

Construct	Definition / Items	Alpha	CR
Market-driving strategy	… the extent to which a company invests resources (time, money, effort) *in changing consumer preferences* in a way that enhances the consumer's perceived benefit from the focal product. • We have spent a lot of time on motivating consumers to place greater priority on satisfying [these] needs. • We have invested a lot of resources to convince consumers that [this] product category is better than the other categories for meeting their needs. • Many employees worked on campaigns designed to get consumers to pay more attention to [these] attributes when choosing a product within [this] category.	.797	na
Market-driven strategy	… the extent to which a company invests resources (time, money, effort) *in adapting to consumer preferences* in a way that enhances the consumer's perceived benefit from the focal product. • We have invested a lot of resources in crafting our product to respond to consumers' preferences. • We adjusted our product features based on consumers' requests. • If consumers believe competitors are superior with respect to certain product attributes, we make concerted efforts to improve our product with regard to those attributes.	.800	.800
Short-term sales growth	… the focal product's sales growth in the past year relative to that of competitor products. In relation to competing products in the market, [this] product achieved well-above-average sales growth within the last year.		
Long-term sales growth	… the focal product's expected sales growth in the next three years relative to that of competitor products. In relation to competing products in the market, [this] product is expected to achieve well-above-average sales growth in the next three years.		
Market focus (B2B vs. B2C)	Most of our revenues come from: B2B markets (from companies) vs. B2C markets (from individual consumers). (1-7 bipolar scale)		
Offer focus (product vs. service)	Most of our revenues come from: products that we sell vs. services that we provide. (1-7 bipolar scale)		
Competitive intensity	• Competition in our industry was cutthroat. • Any product advancement that one competitor would offer, others would match instantly. • Price competition was a hallmark of our industry. • There were too many similar products in the market; it was difficult to differentiate our product/service.	.692	.693
Product innovation	• We have innovated the core of our product/service in the last 12 months. • In the last 12 months, the focal product/service was substantially technologically advanced.	.767	.722