



## **The Role of Marketing Capabilities in Firm's Success**

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**Abstract:** In our study, we review existing literature with the purpose of illustrating the significance of marketing capabilities and further reconstructing the path from marketing capabilities to organizational outcomes, thus explaining how positive market performance of company is achieved. In the first step, we constructed the path from marketing capabilities to positive organizational performance. Further, we explored certain antecedents of marketing capabilities in order to understand the concept of capabilities deeper. Implications for companies operating on global markets and recommendations have been presented on the basis of extensive literature review.

**Keywords:** Marketing capabilities, Firm success, Organizational performance, Antecedents of marketing capability

### **1. Introduction**

For a successful company marketing strategy, it is vital to understand everything that is going on a global and international market. Organizational strategy defines the market orientation of a firm, which defines how a company is focused in relation to factors such as customers, competitors, and departmental dynamics to deliver success (Lockrey, 2015). Effective strategic planning requires that organizations improve their understanding of the strengths shaping the situation and the mechanisms by which such an understanding occurs and, subsequently, form marketing strategy (Neill et al., 2006). The idea of leveraging a marketing strategy across multiple markets seems to be nothing but beneficial. It saves effort and resources and ensures a high degree of consistency between all in-market branding and activities. However, in order to achieve this company should possess certain marketing capabilities. The role of marketing capabilities in achieving company's market and financial success is enormous (Kanibir et al., 2014, Ripolles, 2011, Nalcacia and Yagci, 2014, Merrilees et al., 2010). For instance, firm's product development capability (PDC) influences the launch strategy for a long-lasting product that is sequentially improved over time (Banerjee, 2013). Marketing capabilities also contribute to the international expansion of international new ventures by impacting firm's decision to choose entry modes including higher resource engagement in foreign markets (Ripolles, 2011). Furthermore, a study of (Morgan et al., 2009) examined how market sensing, brand management, and customer relationship management (CRM) capabilities define firms' revenue growth and margin growth - the two components of profit growth. The results indicated that marketing capabilities have a direct and complementary effect on revenue and margin growth rates. Brand management and CRM capabilities have an opposing effect on revenue and margin growth rates (Morgan et al., 2009). The immediate effects of marketing resources on firm performance were also emphasized in a study performed by Krush et al., (2013). The study determined how sales capabilities and performance monitoring via marketing dashboards determine a firm's sense making. Studies illustrating value of marketing capabilities are plentiful. Still it is suggested that there is insufficient understanding whether marketing capabilities lead to certain positive organizational outcomes (Mariadoss et al., 2011).

There is also gap on how the positive organizational outcomes are impacted by these capabilities. In our study, we review existing literature with the purpose of: firstly, to illustrate the significance of marketing capabilities, and secondly, to reconstruct the path from marketing capabilities to organizational outcomes, thus explaining how positive market performance of company is achieved. The paper does so in four sections. The first section reviews the literature

and constructs the path from marketing capabilities to positive organizational performance. Next, we explore certain antecedents of marketing capabilities in order to understand the concept of capabilities more deeply. Finally, implications for companies operating on global markets and recommendations are presented, followed by the conclusion.

Marketing capability can help firms sense and respond to market changes such as competitors' moves, technological evolution and revolution, enable firm organizations to leverage the capabilities and resources of partners for value creation, facilitate firms to foretell and anticipate customer explicit and latent needs. These, in turn, can help firm organizations to develop both radical new products or employ existing products with new features and attributes to satisfy both the needs of current customers and new customers to ensure the stability, survivability, and avoidance of shocks from new waves of competition based on new technologies and new value propositions. Grounded on these arguments, in this research, we propose that exploitation and exploration positively mediate the positive relationship between marketing capability and new product development performance. In addition, marketing capability is operated under proper organizational architecture. Organizational structural factors should have effects on performance outcomes. The outside-in view suggests that the ability of the firm to best manage resources and capabilities according to external market and environment requests will show the highest levels of performance. Organizational structural alignment theory suggests that the firm should align organizational structure with the external environmental requirement and its strategic business objectives.

Organizational theorists have suggested firms tend to have a structure that is decentralized under high uncertainty, complexity and velocity. Marketing theorists suggest that to better serve customer needs, organizational structure should be adapted to customer groups. In addition, marketing scholars have long argued that inter-functional integration can integrate information and insights from changing external environment. Premised on these insights, we argue that decentralization, customer-based structure, inter-functional integration positively moderate the positive relationship between marketing capability, organization adaptation mechanism and new product development performance. Organizational structural factors thus are composed of the structural sources of marketing capability from an outside-in perspective on performance outcomes.

## **2. Positive consequences of marketing capabilities**

Marketing capabilities such as market sensing, partner linking, customer capabilities, functional capabilities, networking capabilities have been linked to various positive organizational outcomes (Mitrega et al., 2011). Such capabilities can either be used to form a marketing strategy that would lead to superior performance or may be of tactical or operational use, thus contributing to the value chain. In order to support our thesis that marketing capabilities indeed lead to market success we perform a review of key literature.

In a study performed by (Nath et al., 2010) the goal was to determine the influence of a firm's functional capabilities (marketing and operations) and diversification approaches (product/ service and international diversification) on overall financial performance. The results indicated that marketing capability is the fundamental determinant for superior financial performance and also that market-driven firms are likely to have much better business performance than a firm focusing entirely on operational capabilities (Nath et al., 2010). The relationship between the marketing competencies of SMEs and their entrepreneurial vision and international marketing-oriented awareness has been established (Kanibir et al., 2014). Developed sense making capability also expands the potential range of strategic responses and, finally, enhances customer-based performance (Neill et al., 2006). For example, product development capability (PDC) impacts the launch strategy for a durable product that is sequentially developed over time in a market where consumers have heterogeneous valuations for quality (Nalcaci, 2014). The results indicated that that looking through firms' resource use up to their marketing capabilities, use of informational and economic resource combines with administration and consumer relations capabilities (Nalcaci, 2014).

Marketing and research and development (R&D) capabilities as well as degree of internationalization were linked to the innovation performance of SMEs (Ren et al., 2014). The results indicated that internationalization has a positive impact on innovation performance when R&D capability of SMEs' or marketing capability is high (Ren et al., 2014). Furthermore, the results showed that the impact of internationalization on innovation performance has a negative result when marketing capability or R&D capability is low. Marketing capabilities strongly influence and further strengthen the influence of internationalization on innovation performance (Ren et al., 2014). Benchmarking and market based-

learning are also important factors that fit the domain of marketing capabilities. The understanding of firms' benchmarking of strategies in two disciplines, marketing and operational (R&D and manufacturing) capabilities is modeled as drivers of international performance (Lahat and Shoham, 2014). Research results of a study performed by Krush et al. (2013) indicated that sales capability and the use of marketing dashboards not only contribute directly, but also have an interactive impact, emphasizing the significance of combining both sales and marketing operations. Also, there was some evidence that sense-making impacts cost control and improves customer relationship performance, which suggests that it has the potential to concurrently affect both cost efficiency and growth (Krush et al., 2013).

Analysis of the effect of marketing, innovation, and learning capabilities on overall performance was undertaken by (Sok et al., 2013). Findings suggested that marketing, innovation, and learning capabilities are undoubtedly related to SME performance and that these capabilities associate with one another to create great synergy in obtaining SME performance (Sok et al., 2013). Another model developed by (Mu, 2015) tested marketing capability from an outside-in perspective, organizational adaptation mechanism exploitation and exploration, organizational structural factors, and new product development (NPD) performance. The findings suggest that that marketing capability is essential for the firm to adjust to external changes as long as the firm adjusts organizational structural factors with the demand of marketing capability for exploitation and exploration in product innovation (Mu, 2015). Marketing capability was also studied from a resource-based perspective and showed it has an important impact on operations capability, and that operations capability is positively linked to firm's efficiency (Yu et al., 2014). Operations capability fully mediates the connection between marketing capability and financial performance (Yu et al., 2014). Marketing capabilities impact on export performance using resource-based view was also suggested by Nalcacia and Yagci (2014). The objective of the research was to analyze increasing intensive competitive conditions, how firms have been trying to find ways to create advantages against their competitors that lead them to change their product-oriented strategy to embrace market-oriented strategy (Nalcacia and Yagci, 2014). Network linking also contributes marketing capabilities to innovation strategies for firm sustainability, sustainable consumption behavior and firm competitive advantage (Mariadoss et al., 2011). Market orientation and management capability act as enabling mechanisms for building marketing capabilities and highlight the innovation capability as the strongest determinant of a firm's performance (Merrilees et al., 2010).

A study conducted by Shell (2009) proven that marketing capability can drive business performance. Superior marketing capabilities is one of the strong attribute for those organizations that outperform their competitors. Therefore, most organizations are investing largely for the development of the marketing capabilities, which benefits the organization with both business growth and sustainable competitive advantage. The success of the business can be measured by growth and sustainable competitive advantage (Dairy Crest, 2007; ICI (AkzoNobel), 2008; Shell 2009). Among those who have seen the benefits of investing in marketing capability development, their brand learning in multinational clients is improved significantly and their business results have increased. The findings by Morgan, (2011) will be of direct relevance to anyone who is tasked with proving the case for investment in marketing capability development toward business success: Marketing capability is proven to drive business performance, not just to be associated with it but most importantly, marketing capability drives both top and bottom line growth. Resources are highly demanded when developing the capabilities required for creating market and customer orientation in order to generate profits over and above the costs incurred in the implementation of marketing capabilities while growing revenues. Developing a holistic capability for a firm is more beneficial than focusing on individual marketing capability initiatives in the pursuit of improving performance, but there are added benefits of concentrating on both initiatives. Many successful marketing processes are interdependent and entwining capabilities, which are connecting processes and approaches across capability areas, in which customer satisfaction, profitability, market effectiveness and return on assets, are improved. The nature of marketing capabilities in comparison to other capability areas improves sustainable competitive advantage in a better way. Customer-centric marketing requires tacit knowledge and embodied skills more than just setting a new organizational structure or process improvement. This demand richly linked, dispersed and cooperatively shared know-how across individuals and departments. In case of an employee turnover it is difficult to take codified processes and tools to implement the same structures into the new organization, because a successfully implemented model cannot be easily replicated. A systematic organizational change across a range of core drivers in building marketing capabilities requires to summaries the changes to be effectively absorbed by all employees. This process should reassure those that are concerned with the investment in capability may unwittingly benefit any organizations that former employees join.

### **3. The development of marketing capabilities**

Marketing capabilities concept can be better understood by examining certain antecedents. A study performed by Theodosiou (2012) study was aimed to connect alternative strategic orientations with firm performance, through the mediating effect of marketing capabilities. The results indicate that competitor orientation and innovation orientation significantly contribute to the advancement of marketing capabilities and marketing capabilities have a positive influence on overall firm performance (Theodosiou, 2012). Hallback and Gabrielsson (2013) aimed to analyze the development of marketing strategies in international new ventures by using the concept of entrepreneurial marketing to these internationalizing firms. The conclusion was that the development of international entrepreneurial marketing strategies appears to reflect the turbulence and global diversity of the environment and the market orientation of the international new ventures (Hallback and Gabrielsson, 2013).

In another instance the environment was an indicator of genesis of certain marketing capabilities. The culture impacts the international marketing of health services (Malama and Hyder, 2015). The findings of the study highlighted that the cultural dimensions of power distance, individualism/collectivism and uncertainty avoidance have an influence on trust, network development and standardization/adaptation. Operations and marketing functions impact also their capabilities and, consequently, overall firm performance. Ahmed et al., (2014) stated the significance given to operations and marketing functions impacts their capabilities during periods of economic growth. Therefore both capabilities – operations and operations – capabilities relationship should be considered in future studies. Managers (i.e., firms) perceiving their industry environment as turbulent will produce superior market learning and marketing capabilities (Weerawarden & O'Cass, 2009). Market learning will aid in the process of producing superior marketing capabilities. The results largely support the hypothesized relationship that industry competitive intensity has an impact on market learning activity and marketing capability development (Weerawarden & O'Cass, 2009).

### **4. Using marketing capabilities for operating on global markets**

To achieve global market success, more and more, customers, suppliers, and potential alliance partners immerse in international new ventures and try to understanding how they the market works and why its success. Operating globally is seen as an excuse to avoid spending time experiencing local cultures, customer needs and behaviors, as well as successful and less successful marketing approaches and methods. Marketing capabilities are a crucial factor in this process. Prior studies point out that international performance is closely linked to market capability. Market knowledge and experience and process by which firms develop this knowledge are essential to understanding their international performance (Autio et al., 2007; Oviatt & McDougall, 2005; Zahra, 2005).

Marketing capabilities also includes the firm's skills and competences relating to gathering market information, sharing and its dissemination throughout the organization; successfully launching new products and customer relationship and supplier relationship development toward achieving firm success. To achieve this success firms act on the basis of their market knowledge, and this market knowledge diffusion is significantly correlated with the firm's ability to exploit new market opportunities in particular and innovation performance more generally (Marinova, 2004). Thus, innovation performance symbolizes the success of the firm's efforts in developing its marketing capability. In addition, the success of marketing capability on global market performance indicates the capability of value capture and the stronger the capability of capturing value from innovation perspective. Therefore, firms are more strongly encouraged to invest in innovation in the first place to achieve success. As noted in prior research, firms consider the trade-off between value creation and value appropriation during their development in finding a share in international market (Mizik & Jacobson, 2003). According to Tsai & Eisingerich (2010) marketing capability is an integral component of emerging market firms' success in their efforts to enter global markets.

Improved marketing capability by the use of customer and relevant business intelligence, enhanced customer or market research and analysis, and improved marketing and delivery process leads to innovation performance of firms in global market (Shah et al., 2006; Tsai & Eisingerich, 2010). Rust et al., (2004) adds that a strong marketing capability can enable firms to employ limited resources more effectively, and can also enhance customer cooperation (Pralhad & Ramaswamy, 2000). A firm that is market oriented aligns its processes, capabilities performance metrics, as well as customer- related activities with the objective of engaging customers and building stronger relationships with its customers to attain some sort of success in global market (Park, Eisingerich, & Park, 2013). In line with the concept of



marketing capability, a firm's processes should be constantly aligned with the needs of customers that may and in fact are likely to change overtime (Eisingerich & Bhardwaj, 2011; Kumar, Venkateson, & Reinartz, 2008; Rust et al., 2004). Marketing capability is regarded as a tool to gather customer and marketing information as a source of further learning and development which is the recipe of continued success. A company that invests heavily in R&D capability to fully exploit the benefits of internationalization for the prospects of marketing capability internationalization grows in innovation performance. Strong marketing capability of the firm is helpful with critical information and intelligence on customers, their decision making, motivations, attitudes and behaviors (Shah et al. 2006). To possess strong capability of information and intelligence on customers that leads to value capturing is encouraged, and firms should invest in value creation that will result in innovation.

It is important to underline that only by understanding the events on the current global and international market; one can execute a successful global marketing strategy. It is important to achieve key relationships, researched local markets, and defined global marketing plans that accommodate local needs where required. This can be achieved through focusing on marketing capabilities such as customer focusing, or market sensing. One specific action that can be undertaken for understanding the events on the global and international market is appointing a global campaign manager with responsibility for all communication and coordination around the campaign, making sure deadlines, responsibilities and deliverables are clear to everyone involved, synchronizing timelines must so all relevant materials are ready concurrently across all markets, and communicating plans, deliverables and expectations across different channels and multiple times. It is also crucial that once a campaign comes to an end, a company makes sure to consolidate the insight gained and organize a debrief. It is important results are both shared upward and reviewed with in-market teams. Discuss what worked, what didn't; which markets the campaign was most successful in and why. Learning will be invaluable in planning future activity. Knowing and understanding a global market requires some effort to work, but it does have a number of benefits. Most obviously, it ensures your marketing strategy is applied consistently (but smartly) across territories and it allows you to operate more efficiently through economies of scale.

#### **4.1 Market sensing**

Market-sensing capabilities that are superior enhance a firm's ability to identify underserved market segments and those requirements which its competitors are offering but not fulfilling the specific requirements of the customer and that of the channel to render such services (Slater & Norvel, 2006). Therefore, the firm's efforts to grow its revenues in providing solutions to underserved and unsatisfied market segments can be achieved by engaging existing customers and attracting new ones. The aspects of market sensing such as customer intelligent is important in the providing insights for managers concerning opportunities for which the firm should capitalize on within existing customer base and to exploit for the requirements of the new customers (Morgan, Anderson & Mittal, 2005). Firms with strong market sensing capabilities are also better able to identify the least price-sensitive customers and prospects, which enable them to charge higher prices for the good of generating more revenues. These capabilities should also provide new insights into how the greatest non-price value to customers and channel members contribute to the firm's success story (Slater & Narver, 2000).

Through market sensing such firms continuously increase their knowledge of and experience with customers, by lowering the cost of serving them over time (Reinartz & Kumar, 2000). Strong customer relationship management (CRM) capabilities are enhanced in the processes of strengthening a firm's marketing capability, in which the focus of the firm's attention is directed on the probability of acquiring prospective customers and retaining existing customers (Bolton, Lemon & Verhoef, 2004; Reinartz, Thomas, & Kumar, 2005). Firms with strong marketing capabilities should focus their resources on the most profitable customers and those with a high potential for future profits and ultimately the success of the organization. Firms reinforcing higher customer retention with strong customer engagement capabilities, is able to build a base of more experienced users of the firm's products and services, which further decreases the cost of servicing their customers that are not price sensitive in their purchase decisions, firms with strong customer engagement capabilities should enjoy the benefit of ability to increase prices for their products and services without negatively (Cao & Gruca, 2005). It is marketing capability that explains significant variance in the components of a firm's profit growth performance.

## 4.2 Partner linking

Partner linking was confirmed to be another significant market capability. One of the biggest mistakes business owners make is trying to do everything alone, especially when entering a new market. In an effort to save money, little things often stack up in areas where there is lower expertise of the company. Limitations can be in any area: strategy, product and service development, marketing and sales, personnel and operations management, financial management and administrative when entering new markets. Wherever they are it's important to identify them as early as possible and have a plan to manage them. To combat this error, business owners must hire and train the right local employees. In addition, they should network and engage with strategic partners. Local businesses with whom you enter into an agreement that would help all parties involved to achieve more success.

There are several types of strategically important partner linking methods that should be considered for conducting business on a strategic and international scale. Developing strategic marketing partners can help you grow your business at a very low cost. For example, if the partner is in a complementary business, you could refer clients between one another. Both partners would increase revenues with no supplementary advertising costs. Strategic partners can fill a number of financial functions. They can be accountants, bankers, investors or financial advisors. Their purpose is to help monitor the flow of your business' money and come up with new solutions which increase the amount of money available to the company or organization. Because partners join forces for a variety of reasons and expectations, sometimes the strengths of each individual may be overlooked. The most obvious strengths will probably be recognized; however, underlying strengths, when brought out can often make a big difference in long term motivation, commitment and success. In order to achieve success on a global and international market, none of the aforementioned should be overlooked.

## 4.3 Customer engagement

Customer engagement brings out many benefits within a company that significantly influence the overall success of the company. Customer engagement is an important concept in the holistic development of marketing capability in order to meet its intended goals and objectives. Prior studies encourage the consideration of customer engagement in the development of marketing capabilities (e.g. Brodie et al., 2011; Sprott et al., 2009), the customer engagement concept has transpired in an important new direction for customer management for business success longevity as a result of long term customer relationships (Verhoef et al., 2010). With customer engagement, employees are motivated to perform their duties and responsibility as they feel empowered to make decisions that are for the benefit of the customer. They have guidelines versus rules and take the approach that if it isn't illegal, immoral, won't cost the company money, and won't harm the company's reputation, then consider doing it to take care of the customer. Employees empowered to make decisions in the company that focus on the operations are required to follow a manager's approval for anything that is outside of their policies or typical way of doing business. In customer engagement, the company should employ people who fit the culture of customer service, which means they possess the personalities and core-values of customer service that align with the company's vision and mission. Through customer engagement an organization can grow and develop, and in satisfying customers beyond expectations to lead to repeat transactions, which subsequently lead to the thriving of comprehensive business operation and overall performance.

Customer engagement under modern market conditions acknowledges value creation as a significant factor that makes it possible for companies to survive and thrive in intense competition. Strong relations between customer engagement that translates into value creation and customer loyalty are ingredients of business success. The nature and scope of customer engagement is a vital component of relationship marketing. Relationship of marketing and customer engagement (eg., Wernerfelt, 1988; Fornell, 1992) suggested that marketing strategies can be categorized as either offensive or defensive. Therefore, business activities aimed at obtaining additional customers, encouraging brand switching, and increasing purchase frequency are offensive strategies, whereas defensive strategies are those aimed at reducing customer exit and brand switching are defensive marketing strategies. Customer engagement is emphasized in this article to build strong marketing capability toward business success. Literally, marketing efforts directed toward offensive strategies are aimed to capture business success, while defensive ones are there to maintain top performance or sustain its business success. In early conceptualizations of offensive as well as defensive marketing activities of the relationship marketing which is encouraged when developing marketing capability includes the establishment, developing and sustaining relational exchanges (Morgan & Hunt, 1994). Despite the broad conceptualization of the initial researches on relationship marketing which encompasses attracting new customers and retaining existing

customers, subsequent research on defensive strategies has been largely aimed at enhancement and existing customers' retention of in buyer–seller linkage based on exchange.

Continued success of a firm can be achieved through long term relationship with customers which is quite emphasized in relationship marketing instead of a short-term relationship (Levitt, 1983). Developing and sustaining a long term relationship with customers as an impact also on the long-term strategic marketing decisions of companies, that entails the direction to which the company should follow (Gummesson, 1987, 1994). The ability to to manage relationships effectively in a local market, it becomes fundamental in an international context, where the competitive advantage for companies depends on the knowledge and abilities of the individuals (Hunt & Morgan, 1994). According to Berry, (1983) it is possible to understand the specific needs of clients in maintaining a long-term relationship. The specific needs vary from one market to another, thus, knowing them is significant in creating and accelerating the advantages for all the parties involved (Johnson, Lewin & Speckman, 1999; Sheth & Parvatiyar, 2001). However, trust is essential in sustaining relationships, studies done by (Doherty and Alexander, 2004; Leek, Turnbull & Naudè, 2006; Bianchi and Saleh, 2011; Styles, Patterson and Ahmed, 2008; Katsikeas, Skarmeas and Bello, 2009) confirm the relevance of trust. Commitment is also an important ingredient to maintaining the long-term relationship locally and also in an international context (Griffith, Myers & Harvey, 2006; Doherty & Alexander, 2004; Haugland, 1999; Bianchi & Saleh, 2011; Styles, Patterson and Ahmed, 2008; Sichtmann & Von Selasinsky, 2010). Operational tools that are essential for effective and efficient operations of the business are created as a result of customer engagement streamlined with offering the real value to customers. Companies are increasingly taking customer service quite serious toward the whole relationship marketing.

## **5. Conclusion**

Effective marketing is one of the most important keys to a successful business. Without a proper marketing strategy, customers will never be aware of a business or its location, products, or services. The problem with marketing is that it can actually hurt a business if done incorrectly. Marketing capabilities therefore play a major role in ensuring this does not occur. As our conceptual study illustrated, product, partner linking, market-sensing and other capabilities all have positive effects. Beyond this, one of the biggest benefits of operating globally with a local presence is the opportunity it provides to develop a deeper understanding of the markets in which your company operates and their potential. It enables you to prioritize and optimize your efforts and budgets effectively. Thus far, marketing capabilities allow for effective and rapid access and penetration to multiple markets by offering to customers the leading-edge innovative products because they are firm specific, valuable, with no substitutes, difficult to imitate and easily transferable between markets (Peteraf & Bergen, 2003; Teece et al., 1997). Consequently, this study suggest that the possession of marketing capabilities will result in much greater success potential in firms operating in both domestic and international markets. In particular, marketing capability is suggested to significantly improve the performance of firms innovatively and enable them to attain higher market share in foreign markets. In addition, international experience and entrepreneurship are attained by correctly identifying marketing capabilities such as market sensing, customer engagement and partner linking that influence the performance of firms in international markets. Hence, in demonstrating the impact of marketing capability on success of companies encourages more firms to accelerate their internationalization process. Moreover, superior marketing capabilities give the firm the ability to generate adequate information about competitor actions and reactions and then draw adequate intelligence to counter on the acts of its rivals. This process of marketing capability which is aimed at generating knowledge and its application toward delivering superior customer value helps the firm to also develop the basis for a competitive advantage (Tuominen et al. 1997; Woodruff 1997; Bharadwaj et al. 1993; Narver and Slater 1990). A suitable set of business strategies that is effectively focused with superior marketing capabilities have a greater probability to achieve business success resulting in attaining competitive advantage (May, 1994; Day & Wensley 1988; Kohli & Jaworski 1990; Narver & Slater 1990).

According to Day (1994) marketing processes are often business specific, thus the development of unique marketing capabilities occur in the process where individuals combine their particular knowledge and skills with the limited resources available to them (Tuominen et al. 1997). Unique capabilities are the basis of forming a sustainable competitive advantage in which competitors may focus on similar market needs, but not identical marketing capabilities. When these value-adding capabilities cannot easily be imitated, substituted, transferred between rivals then the capability forms the basis for sustainable competitive advantage (Grant, 1991, 1996; Moller & Anttila, 1987; Tuominen et al. 1997). Thus, an organization must create a sustainable competitive advantage to achieve consistently above-normal market performance by offering sustainable superior value for its customers (Acker, 1989; Porter, 1985).

To achieve performance in the international markets, we argue the firms to follow the followings; firstly, put adequate efforts and resources to market research in order to tap into a set of processes needed to discover information about customer needs and broad market information, and design marketing programs to meet and exceed these needs and foreign market conditions (Moller & Anttila, 1987). Secondly, a firm should constantly monitor, be vigilant and concerned with pricing processes in order to competitively price its products. Third, product development capability is important, that is to have the capability to design products in reaction to customer needs, meet internal company goals and overcome hurdles along the way, and outperform competitors (Moller & Anttila 1987). Fourth, effective management of the firm's channels of distribution is relevant toward achieving business performance. To achieve such performance, a firm should have a capacity in distribution channel management, build effective relationships with distributors. Effective relationships can be capacitated by working strictly with the channel members, and efficiencies should be integrated into the channel. Fifth, it is important to have the capability in terms of promotion, which is concerned with sales promotions, advertising, and personal selling activities the firm utilizes to communicate with the market and sell the product. Finally, a business should have strong marketing capabilities to focus on customer acquisition, the effective management of marketing programs, and the ability to coordinate action oriented among the diverse elements in the firm needed in order to implement a marketing program (Moller & Anttila, 1987).

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