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# **Empirical Evidence of the Marketing and Corporate Political Activity Interface in Firm Strategy**

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## **ABSTRACT**

*This qualitative research seeks to shed light on the manner in which marketing and corporate political activity (CPA) interface through senior-level managers acting as key informants. Relying on transcendental phenomenology (n = 41) and grounded theory (n = 402) methods, respectively, Study One uncovers a set of activities difficult to distinguish as either marketing or politics, i.e., legitimacy branding, with Study Two invalidated legitimacy branding as a traditional political strategy. Legitimacy branding's key characteristics –1) branded reputations, 2) nonmarket targets, 3) for proactive control – position it as marketing-based CPA. While such strategy is generally consistent with previous findings, they follow a silo pattern spread across marketing, business, and sociological literature. These findings, instead, offer holistic evidence of branding strategies designed to control public policy. Legitimacy branding firm strategies to control nonmarkets extend place marketing conversations directly to the management of nonmarkets and marketing subsystems conversations to specific firm identity concepts.*

## **RESEARCH OBJECTIVE & PREVIEW OF STUDIES**

This research's objective was to shed light on the manner in which both marketing and CPA interface in firm strategy in hopes that doing so would highlight important characteristics that distinguish CPA from marketing. Two qualitative studies are conducted. Study One utilizes transcendental phenomenology across n = 41 depth interviews in an effort to examine underlying motives of firm political strategy. Study Two utilizes grounded theory to analyze n = 402 objective reports of actual firm political strategy. Unlike Study One, which finds a set of proactive, voluntarist management strategies that appear to equally rely on marketing and political dimensions, Study Two samples reactive firms in a survey that inquired reports of strategies intended to directly target government public policy, a nonmarket group. Combined, these studies contribute to macromarketing literature by extending concepts present in place marketing (e.g., Hatch and Schultz 2002; Kavaratzis 2004; Kavaratzis and Hatch 2013; van Riel and Balmer 1997) and marketing systems literature (e.g., Dowling 1983; Kadirov and Varey 2011; Layton 2007; Venkatesh 1999).

## **FINDINGS**

Study One uncovers political activities (e.g., lobbying) for controlling political pressures. However, it also uncovers a set of activities difficult to distinguish as either marketing or politics, i.e., legitimacy branding. Legitimacy branding's key characteristics –1) branded reputations 2) targeting nonmarkets 3) for proactive pressure control – position it as marketing-

based CPA, as displayed in Table 1. While all three strategies target nonmarket groups, a common target across CPA (e.g., Bonardi, Holburn, Vanden Bergh 2006; Hillman, Keim, and Schuler 2004), all three also rely on symbolic promotion of values or norms (or use the ensuing brand, see strategy 2). It is found that firms develop strategic responses to external political pressures or opportunities. Such responses are driven by a variety of motivations, including avoiding or preventing the threat and gaining or maintaining in spite of threat. Participants report impressions of political skill as well as experiences with unstable preferences for or expectations of values and norms (e.g., “consumer fads,” “citizenship is only to avoid government repercussions”) among many types of stakeholders, namely consumers and governments. Combined, such vivid renderings appear to portray a common response related to a found ability to brand among shifting or unclear expectations for values or norms (e.g., “favorable PR,” “swaying consumers through policy education”). Prior research treats firm reputation among stakeholders and notions of legitimacy as synonymous (Alakent and Ozer 2014). However, unlike most forms of firm reputation, such as observable firm practices regarding employee rights or government bailouts related to financial accountability, data revealing legitimate reputations here represent relatively less formal and more subjective, symbolic reputations (Ashforth and Gibbs 1990). This suggests the reputations are, instead, brands.

**Table 1. Study One Findings**

Type	Marketing of value/norms	Approach	Target	Marketing Method	Illustrative excerpt	
* Legitimacy Brands (use of) & Branding						
2	Control	<b>norms</b>	matching	<i>direct</i>	<b>(use of)</b>	e.g., management of politics through legitimate reputation perceived among governments
3	Control	<b>norms</b>	influencing expectations	<i>indirect</i>	<b>promotion</b>	e.g., influence constituent expectations for policy to align with perception of firm/industry legitimacy
4	Control	<b>values</b>	matching	<i>indirect</i>	<b>relational promotion</b>	e.g., management of politics through the matching legitimate reputations perceived among stakeholders

Study Two attempts to test two alternative explanations for Study One’s findings by exploring reactionary firm strategies that directly target governments, a nonmarket group. Figure 1 offers a visual account of the overall proposition motivating Study Two. The Figure’s column headers (market, government targets) account for an alternative explanation for one of legitimacy branding’s three key characteristics, i.e., target. CPA – in a manner similar to legitimacy branding – often directly targets nonmarket groups to indirectly reap market rewards (e.g., Bonardi, Hillman, and Keim 2005; Hillman and Hitt 1999). Yet, CPA can also work as a reactive defense regardless of the marketplace. The Figure’s row headers (reactive, voluntarist

orientations; e.g., Astley 1984) account for an alternative explanation for another of legitimacy branding's three key characteristics, i.e., orientation of marketing tool. An alternative explanation of strategy revolving around values or norms may involve norm disassociation. Findings reveal explanatory external validity in that 1) voluntarist value or norm influence attempts that 2) target nonmarket groups are absent. These two key characteristics of legitimacy branding do not appear alternatively explained by a) actual values or norm sharing for noneconomic rewards or b) reactive avoidance of values or norms.

**Figure 1. Explanatory External Validity Proposition of Study Two**

		Strategy Objective, Activity		
		targets government <i>political activity</i>	targets government <i>marketing activity</i>	targets market <i>political activity</i>
Firm Management Orientation	<i>voluntarist</i>	e.g., lobby	<b>legitimacy branding</b>	e.g., commercial government contracts
	<i>reactive</i>	e.g., policy compliance	[none]	e.g., disassociative marketing

## DISCUSSION

### Policy Implications

The present research implies that, at least according to participant accounts, the manner in which public policy interface with the marketing of politics can be counterproductive. In that government public policy represents technical approaches to answering society's calls, governments must be sensitive. Prior research indicates policy-makers' sensitivity to constituents' dissatisfaction with regard to social issues began surging in the early 1970s (Baysinger 1984). Such trends paint the current legislative landscape as particularly receptive to social issues. In turn, however, strategies highlighted in the present research indicate that governments may be so receptive to norms or values requested (rejected) by constituents that firms are effectively able to manipulate legislation by manipulating constituents' perceptions. Participants of Study One describe firms as driving constituent valuation of norms and values, consumer valuation of the appropriateness of firm behavior as capricious, firm strategy working to meet current consumer demands for given values as inefficient and manipulating such values

as innovative, and so on. While this research did not seek to examine the nature of consumer and constituent valuation of firm norm or values, future research should consider the degree to which such valuation is static and, if not, what drives such dynamism. Firms often voice positions on policy issues surrounding values or norms. Respective examples include Patagonia's declaration that "The President Stole Your Land" across its firm media and the Catholic archdiocese's use of the Saint's – a New Orleans, Louisiana National Football League team – public relations resources to shape publicity regarding allegations of sex abuse by priests and others (Mangan 2020). Such activity suggests that at least firms believe they drive such valuations.

### **Conceptual Contributions**

The present research contributes to macromarketing literature by extending concepts present in place marketing (e.g., Hatch and Schultz 2002; Kavaratzis 2004; Kavaratzis and Hatch 2013; van Riel and Balmer 1997) and marketing systems literature (e.g., Dowling 1983; Kadirov and Varey 2011; Layton 2007; Venkatesh 1999). Two of the three legitimacy branding firm strategies uncovered here highlight firm attempts to convince stakeholders that the firm's behavioral norms (see strategy 3 of Table Three) and values (see strategy 4 of Table Three) are appropriate. Such branding of identity rather than change in culture necessarily involves two-way communications resembling what place marketing literature refers to as reflecting. Reflecting is a marketing tactic which relies on two-way communications to collectively construct an identity alongside stakeholders through a branding dialogue (Aitken and Campelo 2011; Hatch and Schultz 2002; Kavaratzis and Hatch 2013). As the dialogue continues, identity is strategically developed and the developed identity is then absorbed back into the stakeholders' environment through reflection. Reflection produces new understandings of norms and values among stakeholders (Kavaratzis and Hatch 2013).

Reframing also mirrors Dowling's (1983) description of macromarketing's process of the transmitting of environmental information. Rather than merely react to an external public, firms use marketing subsystems, such as public relation activities related to corporate identity, political lobbying, social marketing, etc., to gather environmental information, then reorganize, and transmit information back into the environment. Such subsystems educate the public regarding the firm's role in the environment among ethical and moral considerations (Dowling 1983).

Legitimacy branding works to educate the environment that its operations are normal and valuable to influence politics. This is different from merely advertising to consumers the attractive or disassociating from unattractive firm operations values and norms to influence purchases. Just as efficient evolution positions marketing subsystems concepts (e.g., Dowling 1983; Layton 2007) as an appropriate conversation for legitimacy branding concepts, the many available references to real sociohistory situates place marketing concepts (e.g., Hatch and Schultz 2002; Kavaratzis and Hatch 2013) as similarly appropriate. The legitimacy branding firm strategies to control nonmarkets extend place marketing directly to the management of nonmarkets and marketing subsystems to specific firm identity concepts.

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