

Marketing Orientation and Strategies in The Netherlands

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Abstract

This paper investigates the marketing orientation and marketing strategies of Dutch firms. The data used come from a large scale survey of senior marketing executives in The Netherlands: of 3000 questionnaires mailed in April 1994 550 were returned (18.3%). About 2 out of 3 companies support the vision that marketing should guide all of the company's operations. In line with this strong marketing vision many marketing related activities are the responsibility of top management. Responsibilities of the marketing department are limited to promotion related activities. Based on their marketing strategy Dutch companies can be split into four clusters: an ambitious group 'high value segmenters', a less ambitious group 'analyzers' with either low or high price positioning, and the defensive groups 'differentiated defenders' and 'reactors' (defensive, broad companies with no differentiation). The two clusters showing the clearest positioning (differentiated defenders and high value segmenters) show the best performance.

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1. Introduction

For over 40 years the marketing concept has been described as being the management philosophy that focuses on satisfying customer needs and wants based on customer knowledge. However, as Day (1994) states, for many years the marketing concept has been more an article of faith than a practical basis for managing a business. And more so, managers paid lip service to the marketing concept rather than implementing the orientation in their organisation. Recently however, within the academic literature increasing attention has been given to the concept of market orientation. This revival of the attention for a market orientation has been driven by environmental changes: a more competitive international market place, increasing pace of changing technology, a shortening of product life cycles, and a decrease in customer loyalty (Ruekert 1992). Kohli and Jaworski (1990) developed a definition of the concept of market orientation. A growing body of empirical evidence supports the proposition that market orientation is positively associated with superior performance (e.g. Narver and Slater 1990, Jaworski and Kohli 1992, and Ruekert 1992). As a result, businesses recognize that a focus on the customer and the markets they serve may result in long-run competitive advantage and superior profitability. This is reflected in implementing quality programs, customer satisfaction programs and the use of databases for tracking individual customer behavior.

A market orientation is represented in three principal features (Day 1994):

- a set of beliefs that put the customer's interest first,
- the ability of the organisation to generate, disseminate, and use superior information about customers and competitors, and
- the coordinated application of interfunctional resources to the creation of superior customer value.

A firm's market orientation must be reflected in the firm's marketing orientation: the role of marketing within the firm. In a market oriented approach, marketing - being the organisational function that is closest to the market - must have a very central role in the planning process, the specific role depending on the level of organisation and strategy (Webster 1992). In a market oriented organisation, marketing is no longer the sole responsibility of specialists. Rather, everyone in

the firm is responsible for understanding customers and delivering superior customer value (Webster 1988). Several studies found a correlation between company performance and the approach to marketing (Hooley et al. 1990, Lusch and Laczniak 1987).

In order to gain insight into the extent to which Dutch firms maintain a marketing orientation in responding to environmental changes, and into the relationship between marketing orientation and performance, we performed a study which is a part of an overall research project, the so called International Marketing Effectiveness Project (IMEP). This project aims at examining the marketing environment, approaches to marketing, the organisation of and responsibility for marketing activities and the marketing strategies adopted. So far, research has been carried out in 18 countries, including the UK, the USA, Canada, Japan, Ireland, New Zealand, Australia, and Russia. This paper investigates marketing in The Netherlands, using IMEP-data from a large scale survey of senior marketing executives in The Netherlands.

First, the conceptual framework is presented, and the methodology and techniques used for data analysis are described. Next, our general observations are presented. They concern: the marketing environment, industry characteristics, the organization of the marketing effort, attitudes and approaches to marketing, the responsibility for marketing related activities, key success factors and competitive advantage, and marketing strategies pursued. Finally the results of the cluster analysis are described.

2. Conceptual framework

The research objectives were

1. to establish the extent to which Dutch firms maintain a marketing orientation in responding to environmental changes, to be divided into
 - the marketing approach and organisation
 - the marketing strategy
2. to identify strategic types.

The relevant variables in establishing a firm's marketing orientation concern the characteristics of the market environment and of the specific industry, marketing

approach, marketing activities, marketing organisation, market position, key success factors and competitive advantage, marketing objectives, strategic focus, market targeting, price/quality position and business performance. Eleven *industry characteristics* were distinguished: growth of the market, customer needs and wants, customer demands, power of customers, power of suppliers, power of competitors, changes in competition, technological change, entry barriers, exit barriers, and availability of substitutes. *Market environment* was measured in four categories of factors: customers, competition, costs, and technology. In order to measure the *marketing approach* the respondents had to choose statements from four lists of items, referring to the firm's marketing approach in general as well as management's attitude towards marketing. *Marketing activities* had to be scored with regard to the frequency with which they occurred. This part of the questionnaire also included questions concerning the presence of a marketing information system. The *marketing organisation* refers to the organisational level and the specific department that performed the marketing activities. *Market position*, as an aspect of a market strategy typology, refers to market leader, market challenger, market follower and market nicher. The questionnaire contained a list of 18 types of *key success factors*, from which *competitive advantages* had to be selected. Among these were product performance, after sales service, competitive pricing, links with customers and links with suppliers. Four main alternative *objectives* were considered: hold/defend position, steady growth, aggressive growth, and withdrawal. Five types of *strategic focus* were distinguished: expanding the total market, entering new market segments with present products, introducing new products to existing markets, winning market share, and cost reduction and/or productivity improvement. The *market targeting* is described in three categories: an orientation to the whole market, target selected market segments, and concentrate on specific, individual customers. *Relative price positioning* and *relative quality positioning* were measured because they indicate the promotional and image elements of strategy. *Performance* was measured using two distinct approaches reflected in literature: objective as well as judgmental measures. The objective measures were turnover, dollar share of the served market, profits and return on invest-

ment. The judgmental measures asked respondents for their assessment of the performance of the business in terms of the measures mentioned, as compared to major competitors, last year's results and the objectives. These variables were rated on a 3-point scale ranging from better to worse.

3. Methodology and data analysis

As this study is a part of the larger IMEP project, and comparability of results over different countries is required, the questionnaire as developed by Hooley was the basis of our research. This questionnaire was translated and checked with regard to adapting it to specific Dutch characteristics. An 'other' category was added to many variables in order to account for unforeseen local differences. Next, a series of pilot interviews were held with chief marketing executives from a locally-based sample of companies listed in the 'Gouden Gids' (the Dutch Yellow Pages). These interviews served to check the adequacy of the questionnaire.

The questionnaire consisted of 61 questions, including questions with regard to

- background of the company (e.g. number of employees, annual turnover, type of industry),
- the marketing environment (e.g. developments in the field of customer demands, competition, technology),
- attitude towards marketing (e.g. the attitude of the CEO, the marketing approach of the company) and marketing organisation (e.g. flexibility of the organisation, responsibilities for the marketing effort),
- marketing strategies (e.g. objectives, market position, key success factors, market targeting).

The level of research was the SBU, or - in the absence of SBU's - the whole company.

The questionnaire was mailed to a stratified sample of 3000 companies drawn from Dun & Bradstreet lists. The sample was stratified by Standard Industrial Classification and by size of the company. The questionnaire was mailed out in

two waves. The first wave of 3000 questionnaires was despatched in April 1994, and produced a response of 397. Though the questionnaire was filled out anonymously, non-respondents could be identified by the form the respondents returned (separate from the questionnaire) in order to request for a summary of the results. In May 1994 the second wave was despatched to somewhat more than 2600 non-respondents. This resulted in a total usable response of 550, representing a response rate of 18.3%. The sample characteristics are shown in table 1.

Comparison of the first and second mail wave showed no differences with regard to the background characteristics of the respondents. There is, however, a bias towards larger sized operations. This may be explained by the fact that marketing topics appeal more to larger sized firms than to smaller sized firms.

First, bivariate analyses were applied to the data set. Using chi square analysis, insight was gained into the existence of differences between industry types and market positions with regard to competitive advantages and strategic thrusts.

In order to identify any strategic types evident in the sample of Dutch firms, a cluster analysis was performed on the basis of a set of five main marketing strategy components: marketing objectives, strategic focus, market targeting, quality positioning and price positioning. Prior to clustering, each of the five variables was classified into three to five dummy (0,1) variables to enable them to be treated as metric in the cluster analysis. This resulted in a total of seventeen variables for the cluster analysis. The clustering was achieved in a two-stage process (Punj et al. 1983). Hierarchical clustering in SPSS/PC+ (using Ward's method) was employed to look for the appropriate number of clusters. This technique searches for clusters of strategies with a reasonable degree of internal homogeneity, and a high level of heterogeneity. It resulted in a four-cluster solution. These clusters differed on all 17 variables on a significance level of less than 0.0001. The sample was then submitted to the QuickCluster routine (also available in SPSS/PC+), with a target four-cluster solution sought.

TABLE 1 SAMPLE CHARACTERISTICS

	Response (n=550)
SIZE OF THE COMPANY	(n=546)
Small (5 to 100 employees)	30.8%
Medium (100 to 500 employees)	43.4%
Large (500 and more employees)	25.8%
MAIN COMMERCIAL ACTIVITY	(n=543)
Manufacturing	53.2%
Distribution	21.4%
Services	25.4%
PRINCIPAL OWNERSHIP OF COMPANY	(n=547)
The Netherlands	79.8%
Europe (excl. NL)	13.5%
Northern American	5.7%
Japanese	0.5%
Other	0.5%
EXTENT OF EXPORTING ACTIVITY	(n=510)
0% of turnover	20.8%
1-10%	14.3%
11-25%	10.0%
26-50%	12.5%
51-75%	13.9%
>75%	28.5%
RESPONSE TO MAILING	(n=550)
1st mailing	72.2%
2nd mailing	27.8%

The final four-cluster solution resulted in the strategy types presented below. A test for cluster clarity was made using discriminant analysis. A discriminant model was built on the original strategy variables from a random half of the sample and then used to predict cluster membership for the remaining half. The model correctly predicted membership for 96% of the cases used to create the model, and 93% of the hold-out cases. A random solution would only have achieved 25% correctly classified cases. Furthermore, the clusters were tabulated against the original five strategy variables; the differences were shown clearly by using chi-square tests.

4. Marketing environment and industry characteristics

4.1 Marketing environment

Table 2 presents the responses to a series of statements concerning the changes which they are experiencing and the impact of those changes on their companies. Almost every respondent (96%) agrees that customers will increasingly demand better quality and reliability. Large majorities also agree with a closer relationship with the customers (88%), increasing customisation of products and services (89%), an increase in customer choice (65%) and greater customer segmentation (55%). Local competition will rise (82%), as will international competition (75%). There is an increased pressure on costs (89%). Nevertheless, 71% of the respondents agree on more specialisation in products and services. Only 48% notice an increasing standardisation towards 'global' products. More than two thirds of the respondents (69%) notice a more rapid technological change, which is reflected in shorter lead times to market new products (56%) and shorter product life cycles (48%).

Recently a Dutch study was published that reports about trends and developments between now and the year 2020 (Eilander and Van Kralingen 1995). They indicate twelve so called 'mega trends': an increasing globalisation of economic structures, individualisation and emancipation, a larger role of technology in society, a larger role of women and female behavior, rationalisation,

TABLE 2 THE CHANGING MARKETING ENVIRONMENT

FACTOR (N=550)	Agree	No Opinion	Disag- ree	Large Impact	Some Impact	No Impact
Customers will increasingly demand better quality and reliability	95.5%	2.0%	2.5%	72.7%	24.2%	3.1%
Increased pressure on costs	89.4%	5.1%	5.5%	63.6%	31.1%	5.3%
Increasing customisation of products and services	88.6%	7.8%	3.6%	61.1%	31.8%	7.1%
Closer relationships between company and customers	87.6%	6.6%	5.8%	67.3%	27.8%	4.9%
Domestic competition will increase	81.6%	5.5%	12.9%	54.6%	35.1%	10.3%
International competition will increase	74.5%	12.9%	12.6%	44.2%	36.6%	19.2%
Increasing specialization of products/services	71.3%	14.7%	14.0%	40.5%	39.5%	20.0%
Closer relationships between suppliers and the company	69.1%	18.7%	12.2%	34.3%	44.8%	20.9%
More rapid technological change	69.0%	13.5%	17.5%	44.8%	38.2%	17.0%
Rise of strategic alliances	67.3%	22.2%	10.5%	43.3%	32.9%	23.8%
More flexible organisation types with more emphasis on relationships and networks instead of transactions	66.3%	21.9%	11.8%	45.5%	30.9%	23.6%
Increasing customer choice	65.3%	13.6%	21.1%	39.8%	37.3%	22.9%
Shorter lead times to market new products	56.2%	20.7%	23.1%	36.9%	36.6%	26.5%
Greater customer segmentation	55.0%	17.5%	27.5%	30.4%	34.0%	35.6%
Increasing standardisation towards "global" products	48.0%	23.8%	28.2%	24.7%	32.5%	42.8%
Shorter, compressed product life cycles	47.6%	18.9%	33.5%	32.1%	29.7%	38.2%
Closer relationships between producers	31.5%	30.0%	38.5%	12.2%	38.7%	49.1%
Increasing power of retailers and other distributors	30.0%	25.3%	44.7%	23.1%	28.7%	48.2%

politicisation, more consumer values in the field of 'better, deeper and longer' instead of 'more', a larger consumer interest in events and sensational matters, a larger mobility of man, an aging population, and a revival of the 'normative ethics'. The environment as perceived by our respondents is reflected in these developments.

4.2 Industry characteristics

The industry characteristics were measured in eleven variables. These variables were selected following Porter's (1980) five factor model of competition. The Porter factors (such as intensity of competition) were asked for directly, and in addition some underlying variables were identified (such as market growth and technological change).

Almost one in two markets (47%) is established and growing, while almost one in three (31%) is mature and relatively stable. Almost half of the markets (49%) are segmented, i.e. consist of several distinct market segments each wanting different products and services. One in three markets (33%) are reported to be quite homogeneous: all customers want essentially the same products and services. In about two out of every three markets (62%) customer requirements are changing slowly. In a large majority of the markets (75%) the power of the customer is strong. Power of suppliers is small: only 22% of the respondents report a strong power. In 45% of the markets technological change is rapid, while in 53% of the cases technological change is slow. The majority of the companies (73%) operate in a market where competition is intense and growing. In almost half of the markets (49%) competition is fluid and constantly changing. Entry barriers are moderate: in 39% of the markets entry barriers are low, while in 42% of the markets entry of competitors is reported to be costly. Exit barriers are low: 59% of the respondents report competitors to be relatively free to exit from the market. Almost half of the respondents (45%) perceive the threat of substitute products to be low.

From these results, at present the main problems in the Dutch business environment appear to be the large power of the customers and the intense and growing competition. On the other hand many markets are still growing and the

TABLE 3 INDUSTRY CHARACTERISTICS

Growth rate of the market A new, emerging market An established, growing market A mature, relatively stable market A declining market	16.9% 46.7% 31.2% 5.2%
Customer wants and needs Many customers, each wanting a different product or service Several distinct market segments each wanting different products or services All customers want essentially the same products or services	17.8% 48.5% 33.7%
Changing customer requirements Customer requirements are changing rapidly Customer requirements are changing slowly Customer requirements are not changing	34.5% 62.4% 3.1%
Power of customers Power of customers is large Power of customers is limited The customers do not have any power	75.0% 23.3% 1.7%
Power of suppliers Power of suppliers is large Power of suppliers is limited The suppliers do not have any power	21.5% 64.4% 14.0%
Technological change Technological change is rapid Technological change is slow There is no technological change	44.8% 52.7% 2.5%
Degree of competition Competition is intense Competition is moderate There is hardly any competition	73.0% 22.8% 4.2%
Competitive change Competition is constantly changing Competition is changing slowly Competition is stable	48.5% 41.0% 10.5%
Barriers to entry Competitors are relatively free to enter the market Competitors can enter but it is costly to them There are substantial barriers to entry	39.4% 42.0% 18.0%
Barriers to exit Competitors are relatively free to exit from the market Competitors can exit but it is costly to them There are substantial barriers to exit	58.5% 28.1% 13.4%
Threat of substitute products Threat of substitute products is large Threat of substitute products is limited There are now substitute products	26.6% 45.3% 28.1%

threat of suppliers and substitute products is low. The *attractiveness* of most of the Dutch markets can therefore be characterized as 'moderate'. The Dutch business environment is not perceived to be very dynamic: for any of the three variables customer wants, technology and competition, the majority of respondents do not report rapid changes.

5. Organisation of the marketing effort

In order to cope with the developments in the marketing environment and industry characteristics, companies need to monitor the environment and have a (formal) organisation that can translate the developments in strategic opportunities. In many organisations it is the marketing department that leads the external orientation.

TABLE 4 THE ORGANISATION OF THE MARKETING EFFORT

FUNCTIONAL DEPARTMENTS	Total Sample (n=550)	Small (n=168)	Medium (n=237)	Large (n=141)
Finance Department	94.7%	88.7%	96.6% (***)	98.6%
Sales Department	81.6%	82.1%	83.5%	78.0%
Production and/or Operations Department	79.5%	61.9%	84.8% (***)	90.8%
Purchasing Department	76.4%	63.1%	78.5% (***)	87.9%
Personnel Department	75.3%	39.9%	86.5% (***)	97.9%
Technical/R&D Department	68.7%	48.8%	78.9% (***)	74.5%
Marketing Department	53.3%	23.8%	57.0% (***)	80.9%
Other Departments	35.1%	20.8%	41.8% (***)	40.4%

* = significant at the .05 level

** = significant at the .01 level

*** = significant at the .001 level

Table 4 shows that across the sample as a whole, somewhat more than half of the firms (53%) reported the existence of a marketing department in their company. This sharply contrasts with 95% reporting the existence of a finance department, 82% a sales department and 80% a production or operations department. As might be expected, the smaller companies are far less likely to have a formal marketing department. Surprisingly, the smaller companies report the existence of a sales department more often than the large companies. The smaller companies therefore are far more likely to have a sales department than a marketing department. For the larger companies the differences between the existence of a marketing and a sales department are very small. Furthermore, there was no statistically significant difference in the proportion of small, medium sized and large companies with regard to the existence of a sales department, whereas there were significant differences in the existence of the other departments.

Table 5 shows responses to a series of statements relating to the organisation of the marketing effort and its role in the company. On all statements except the first and the forelast there was a significant difference in response from those with and without a marketing department. Across the sample as a whole a high proportion (86%) reported that they aimed to keep their organisation flexible to enable them to cope with change. For 52% of those with marketing departments, this was translated into being prepared to buy specific marketing help from consultants if necessary. For those without a marketing department it was more likely to translate into cutting marketing rather than the sales force when times get rough (33%).

In those companies with a marketing department there was a greater likelihood of the marketing effort being organised around markets (81%) or products/brands (58%). Furthermore, where there is a marketing department, marketing is more likely to be integrated in strategic management (75%) and represented at board level (73%) than where there is not a marketing department. Those with a marketing department thus give the marketing function a more important role. The companies without a marketing department more often consider marketing as being a part of the sales department (58%).

TABLE 5 MARKETING ORGANISATION STATEMENTS

Agree with the following statements:	Total Sample (n=550)	With Mktg Dept (n=293)	Without Mktg Dept (n=257)
We aim to keep the organisation as flexible as we can to enable us to cope with change	86.0%	85.3%	86.8%
Our marketing effort is organised around market and/or area managers	73.5%	80.5%	65.4% (**)
Marketing is more integrated in strategic management	69.6%	75.1%	63.4% (**)
Marketing is directly represented at Board level	66.5%	73.4%	58.8% (***)
Our marketing effort is organised around product and/or brand managers	53.6%	58.0%	48.6% (*)
Marketing is part of the sales department	43.8%	31.1%	58.4% (***)
We buy in specialist marketing help from consultancies when necessary	40.4%	51.5%	27.6% (***)
Sales is part of the marketing department	38.4%	38.9%	37.7%
When times are tough we would rather cut marketing than reduce our sales force	37.5%	33.1%	42.4% (*)

* = significant at the .05 level

** = significant at the .01 level

*** = significant at the .001 level

6. Attitudes and approaches to marketing

The existence of a marketing department does not as a matter-of-course imply that the company is practicing according to the marketing concept. Tables 6 to 9 report a series of attitudes and approaches to marketing, thereby contrasting companies with and without a marketing department.

6.1 Attitudes to marketing

Table 6 presents the responses to a series of statements relating to the company's attitudes and approaches towards marketing. The attitude and approach adopted

TABLE 6 ATTITUDES TOWARDS MARKETING

	Total Sample (n=550)	With Mkting Dept. (n=293)	Without Mkting Dept. (n=257)
Attitude of the CEO to marketing			
Marketing is really a fancy new word for selling	17.3%	9.6%	26.1%
Marketing is best left to the marketing department	12.9%	12.6%	13.2%
Marketing is an approach to business that should guide all of the company's operations	68.0%	76.5%	58.4%
No opinion	1.8%	1.4%	2.3% (***)
Marketing approach of the company			
Marketing is primarily a sales support function	19.8%	16.0%	24.1%
Marketing is mostly concerned with promoting our products and services to customers	10.7%	12.6%	8.6%
Marketing is concerned with identifying and meeting customer needs	69.1%	71.3%	66.5%
No opinion	0.4%	0.0%	0.8% (*)
Who in the company is concerned with marketing			
Marketing is really non-existent in our company	8.4%	2.0%	15.6%
Marketing is what the sales and/or marketing department do	34.2%	33.8%	34.6%
Marketing is seen as a guiding philosophy for the whole organisation	56.9%	63.8%	49.0%
No opinion	0.5%	0.3%	0.8% (***)

TABLE 6 ATTITUDES AND APPROACHES TOWARDS MARKETING (CONTINUED)

	Total Sample (n=550)	With Mkting Dept (n=293)	Without Mkting Dept (n=257)
Marketing approach of the company, five years ago			
Make what we can and sell it to whoever will buy	38.5%	40.6%	36.2%
Place major emphasis on advertising and selling to ensure sales	6.7%	8.5%	4.7%
Place major emphasis on prior analysis of market needs adapting products and services to meet them if necessary	5.6%	6.1%	5.1%
The creating of a long-term relationship with the customers	38.0%	32.5%	44.4%
No opinion	11.2%	12.3%	9.6% (*)
Marketing approach of the company, at present			
Make what we can and sell it to whoever will buy	7.5%	5.8%	9.3%
Place major emphasis on advertising and selling to ensure sales	5.6%	5.5%	5.8%
Place major emphasis on prior analysis of market needs adapting products and services to meet them if necessary	14.3%	17.4%	10.9%
The creating of a long-term relationship with the customers	57.3%	55.6%	59.2%
No opinion	15.3%	15.7%	14.8%
Change in the role of marketing over the last five years:			
Marketing has become more important	62.9%	72.0%	52.6%
There has been no real change	24.4%	14.7%	35.4%
Marketing has become less important	2.7%	3.1%	2.3%
No opinion	10.0%	10.2%	9.7% (***)
Expected change in the role of marketing over the next five years:			
Marketing will become more important	75.3%	79.5%	70.5%
There will be no real change	19.1%	15.4%	23.3%
Marketing will become less important	2.5%	2.0%	3.1%
No opinion	3.1%	3.1%	3.1%

* = significant at the .05 level

** = significant at the .01 level

*** = significant at the .001 level

by the Chief Executive Officer is a major determinant of the company's attitudes and approaches. A large majority of respondents reported that marketing is a vision that should guide all of the company's operations (68%). This attitude was most prevalent in companies with a marketing department. More than a quarter of the respondents from companies without a marketing department report that their CEO considered marketing as a fancy new word for selling.

The second section of the Table further explored the attitude of the company. A high proportion of respondents state that marketing is about identifying and meeting market needs (69%). Again, this proportion was highest among the companies with a marketing department. Those without a marketing department were more likely to report that marketing was about supporting the selling function (24%).

In the next section of the Table, the extent to which marketing is present in the company is explored. In a truly marketing oriented organisation, all members should be aware of their role as a (albeit part time) marketer (Gummeson 1987). A majority of respondents (57%) report that marketing is seen as a guiding philosophy for the whole organisation. This attitude was most prevalent in companies with a marketing department (64%, as compared to 49% in companies without a marketing department). These figures are rather consistent with the respondents who claimed that marketing is a vision that should guide all companies operations (68%), and that marketing is about identifying and meeting market needs (69%). In contrast to the 13% of respondents who stated above that marketing can best be left to the marketing department, 34% claim that marketing is what the marketing and/or sales departments do. Across the sample as a whole, a small proportion of companies (8%) reported that marketing was really non-existent in their companies. This was more likely reported by companies without a marketing department (16%).

The next two sections describe the marketing approach of the company five years ago and the current approach. The proportion of companies that stress the importance of building long-term relationships with the customers increased from 38% five years ago to 57% at present. Surprisingly, this approach was said to be adopted five years ago more often by those companies without a marketing

department. At the same time, the proportion of companies that want to produce and sell as much as possible to whoever wants to buy declined from 39% to 8%. And again, surprisingly, this approach was said to be adopted five years ago more often by those companies with a marketing department. In the current approach no statistically significant differences were found between companies with and without a marketing department.

The final two sections of Table 6 show how the importance of the role of marketing has changed over the last five years and how it is predicted to change over the next five years. Across the sample as a whole 63% of respondents reported an increasing importance of marketing. For those companies with a marketing department this was the situation for 72% of the cases, when no marketing department was present 53% saw a more important role for marketing. Of the latter group, 35% reported no change in the importance of marketing. Looking to the future, 75% of the sample as a whole expected an increase in the importance of marketing. In this case, no statistically significant differences were found between companies with and without a marketing department.

6.2 Importance of marketing training

In Table 7 respondents were asked about the importance the company gives to marketing training, both of marketing personnel and of non-marketing personnel. A large majority (61%) reported to give much or the utmost importance to training marketing personnel in marketing. This attitude was most prevalent in companies with a marketing department (29%, versus 11% in companies without a marketing department) and in the larger companies (33%, versus 20% and 17% for the small and medium-sized companies). Marketing training for non-marketing personnel is considered to be less important: 30% gives it much or the utmost importance, while 45% attached some importance to marketing training for this personnel, and 25% no importance at all. When no marketing department was present, the latter attitude is more prevalent (36% as compared to 16%).

TABLE 7 IMPORTANCE OF MARKETING TRAINING

	Total Sample	Small	Medium	Large	With Mkting Dept	Without Mkting Dept
Importance of training marketing personnel	(n=484)	(n=138)	(n=210)	(n=132)	(n=290)	(n=194)
Utmost importance	21.9%	19.6%	16.7%	32.6%	29.3%	10.8%
A lot of importance	39.3%	27.5%	42.9%	45.5%	45.6%	29.9%
Some importance	28.7%	33.3%	33.8%	16.7%	21.0%	40.2%
No importance	10.1%	19.6%	6.6% (***)	5.2%	4.1%	19.1% (***)
Importance of training non-marketing staff	(n=505)	(n=147)	(n=220)	(n=134)	(n=280)	(n=225)
Utmost importance	6.5%	6.1%	7.3%	6.0%	8.2%	4.4%
A lot of importance	23.2%	19.0%	17.7%	37.3%	29.6%	15.1%
Some importance	45.3%	36.7%	50.5%	45.5%	45.8%	44.9%
No importance	25.0%	38.2%	24.5% (***)	11.2%	16.4%	35.6% (***)

* = significant at the .05 level;

** = significant at the .01 level

*** = significant at the .001 level

This is also true for the smaller companies (38%, as compared to 25% and 11% for the medium-sized and large companies). In a marketing oriented organisation, marketing skills and approaches are important for all personnel. These results are therefore rather disappointing.

6.3 Marketing research

Table 8 offers a further indication for the marketing approach: the extent to which market research is conducted and information systems are present. Both are prerequisites for understanding and responding to markets. The questions in this Table refer to the elements of the internal and external analysis, the existence of a marketing information system, the type of information that is present in

TABLE 8 MARKET RESEARCH AND INFORMATION SYSTEMS^a

	Total Sample	Small	Medium	Large	With Mkting Dept	Without Mkting Dept
Carry out an internal analysis	(n=541)	(n=162)	(n=234)	(n=141)	(n=293)	(n=248)
Never	8.9%	15.4%	6.4%	5.6%	2.7%	16.1%
Only when we have a specific need	24.8%	24.1%	27.8%	19.9%	23.2%	26.6%
On a continuous basis	66.3%	60.5%	65.8% (**)	74.5%	74.1%	57.3% (***)
Carry out a customer analysis	(n=533)	(n=161)	(n=229)	(n=139)	(n=290)	(n=243)
Never	9.6%	13.6%	9.6%	5.0%	3.8%	16.4%
Only when we have a specific need	33.0%	34.2%	31.4%	33.8%	29.0%	37.9%
On a continuous basis	57.4%	52.2%	59.0%	61.2%	67.2%	45.7% (***)
Carry out a competitor analysis	(n=537)	(n=162)	(n=233)	(n=139)	(n=289)	(n=248)
Never	9.7%	15.4%	9.4%	3.6%	4.1%	16.1%
Only when we have a specific need	31.8%	34.6%	32.6%	28.1%	29.1%	35.1%
On a continuous basis	58.5%	50.0%	58.0% (**)	68.3%	66.8%	48.8% (***)
Carry out an environmental analysis	(n=528)	(n=159)	(n=227)	(n=138)	(n=287)	(n=241)
Never	35.4%	55.3%	33.5%	15.9%	20.6%	53.1%
Only when we have a specific need	24.6%	23.9%	27.3%	21.7%	26.1%	22.8%
On a continuous basis	40.0%	20.8%	39.2% (***)	62.4%	53.3%	24.1% (***)
Existence of a formal marketing information system	(n=550)	(n=168)	(n=237)	(n=141)	(n=293)	(n=257)
Yes	49.3%	29.8%	51.9%	67.4%	70.3%	25.3%
No	50.7%	70.2%	48.1% (***)	32.6%	29.7%	74.7% (***)

TABLE 8 MARKET RESEARCH AND INFORMATION SYSTEMS^a
(CONTINUED)

	Total Sample	Small	Medium	Large	With Mkting Dept	Without Mkting Dept
Kind of information in the marketing information system (multiple answers)	(n=550)	(n=168)	(n=237)	(n=141)	(n=293)	(n=257)
Customer information	44.0%	24.4%	47.3% (***)	61.0%	64.8%	20.2% (***)
Internal information	37.5%	23.8%	39.7% (***)	48.9%	54.6%	17.9% (***)
Aggregated market information	36.9%	20.2%	38.8% (***)	53.2%	55.3%	16.0% (***)
Competitor information	30.9%	19.0%	32.5% (***)	41.1%	45.1%	14.8% (***)
Other information	11.8%	6.0%	11.8% (*)	19.1%	7.7%	5.1% (*)
Which techniques are used when analysing the market ? (multiple answers possible)	(n=550)	(n=168)	(n=237)	(n=141)	(n=293)	(n=257)
Swot analysis	70.0%	47.6%	75.9% (***)	85.8%	87.0%	50.6% (***)
Portfolio analysis	52.5%	27.4%	55.7% (***)	75.9%	71.7%	30.7% (***)
Buying data from market research companies	17.3%	8.9%	14.3% (***)	31.9%	24.9%	8.6% (***)
ZIP code segmentation system	12.9%	7.1%	11.4% (***)	22.0%	17.4%	7.8% (***)
Other techniques	12.5%	6.5%	13.1% (*)	17.7%	17.4%	7.0% (*)

* = significant at the .05 level;

** = significant at the .01 level

*** = significant at the .001 level

the information system and the techniques that are used in analysing the market.

A majority of the companies (70%) use a SWOT-analysis when analysing the market. This is done more often by medium (76%) and large firms (86%) than by small ones (48%). Looking at the various parts of the SWOT-analysis we see that a large majority of respondents carry out an internal analysis, customer analysis and competitive analysis in connection with their planning process. An environmental analysis is less popular: only 40% of the respondents continuously analyse the macro environment. Large firms more often perform the various parts of the SWOT-analysis than small firms (except for a customer analysis). When there is a marketing department all parts of the SWOT-analysis are carried out on a more regular basis. For example a competitor analysis is carried out by 67% of the companies with a marketing department, and by 49% of the firms without a marketing department.

About half of the respondents report the existence of a formal marketing information system. Such a system is more likely to be present in the larger companies (67%) than in the small (30%) or medium firms (52%). It is also more likely where there is a marketing department (70% with a marketing information system). The information in the marketing information system mostly pertains to information on (individual) customers (44% of the total sample). Also internal information (38%) and aggregated market information (37%) is regularly stored in an information system. Information on competitors can be found in information systems in 31% of the companies.

Another rather frequently used technique is portfolio-analysis (53%). This technique however is rarely used by small firms (27%), which may be explained by the fact that small firms often operate in one market. Buying data from research companies such as Nielsen or AGB is mainly done by large firms (32%). Small (9%) and medium sized firms (14%) are rarely clients of such companies. A postal ZIP-code segmentation system is used by 13% of the respondents. This system is more popular for large firms (22%) than for small (7%) or medium firms (11%). All techniques mentioned in Table 8 are far more likely to be performed when a marketing department is present.

TABLE 9 STRATEGIC, OPERATIONAL AND MARKETING PLANNING

STRATEGIC PLANNING	Total Sample	Market Leaders	Market Followers
<u>The role of marketing in the company's strategic planning</u>	(n=510)	(n=186)	(n=324)
A little or limited support role	34.0%	24.2%	39.5%
It's a major input to strategic planning or it leads strategic planning	66.0%	75.8%	60.5% (**)
<u>The role of marketing in the company's operational planning</u>	(n=479)	(n=181)	(n=298)
A little or limited support role	55.4%	46.9%	60.4%
It's a major input to operational planning or it leads operational planning	44.6%	53.1%	39.6% (*)
<u>The extent of formal marketing planning in the company</u>	(n=525)	(n=192)	(n=333)
There is little or none	18.3%	9.4%	23.4%
It is limited to annual budgeting exercises	12.4%	10.4%	13.5%
It extends to budgeting and annual marketing plans	21.9%	19.8%	23.1%
There are annual and longer range marketing plans	47.4%	60.4%	40.0% (***)

*, **, *** = significant difference between leaders and followers; significance level: .05, .01, .001 respectively

6.4 Strategic market planning

Table 9 illustrates the role of marketing in (strategic) planning. Across the sample two thirds report a major or leadership role for marketing in strategic planning. For market leaders the involvement of marketing in strategic planning is even larger (76%). The role of marketing in operational planning is more limited (44% large or leading role). In 47% of the companies marketing planning

deals with annual plans as well as long range plans. Among the market leaders long range marketing planning is more common (60%) than among market followers (40%).

7. Responsibilities for marketing related activities

A number of activities were identified that could be termed marketing related. They have a direct or indirect impact on the ability of an organisation to market its products and services successfully. These activities may be undertaken by marketing specialists (for example a marketing department in a large organisation) or by others in the organisation (for example top management in a small organisation). Table 10 identifies who in the organisation has prime responsibility for each activity. When more than one group within the organisation had responsibility for a particular activity, respondents were asked to indicate the group that had the largest responsibility.

7.1 Analysis and planning activities

Marketing research is typically the responsibility of the marketing department (53% of cases), but is sometimes the responsibility of sales (19%) or top management (15%). Top management is more likely to be responsible for marketing research in small and medium sized firms.

Competitor analysis was also most likely to be the responsibility of marketing (45%) with sales (20%) and top management (21%) also taking responsibility. Again the larger the company, the more responsibility seems to fall on marketing.

Strategic planning in all companies is most likely to be the responsibility of top management (73%). In only 13% of the companies is marketing responsible for strategic planning.

Sales forecasting is typically the responsibility of sales (50%). Marketing (20%) and top management (18%) also take responsibility.

TABLE 10 RESPONSIBILITY FOR MARKETING RELATED ACTIVITIES

MARKETING RELATED ACTIVITY	Sample	Size	Mkt	Sales	Prod'n Ops Man	Tech /R&D	Top Mgmt	Other Dep.	No one
Analysis and planning related activities									
Marketing Research (***)	Total	n=521	53.3%	19.4%	0.0%	0.6%	14.8%	3.3%	8.6%
	Small	n=155	32.2%	27.7%	0.0%	0.0%	20.0%	2.5%	17.4%
	Middle	n=224	53.1%	21.0%	0.0%	0.9%	15.6%	3.1%	6.3%
	Large	n=138	76.1%	8.0%	0.0%	0.7%	8.0%	4.3%	2.9%
Competitor Analysis (***)	Total	n=513	44.9%	19.7%	0.6%	0.8%	21.1%	3.9%	9.0%
	Small	n=151	23.8%	23.8%	0.0%	0.7%	32.5%	4.6%	14.6%
	Middle	n=225	44.0%	23.6%	0.4%	1.3%	20.9%	2.2%	7.6%
	Large	n=133	69.9%	9.0%	1.5%	0.0%	9.0%	5.3%	5.3%
Strategic Planning (***)	Total	n=512	13.3%	3.9%	0.8%	0.4%	73.1%	3.6%	4.9%
	Small	n=156	7.1%	7.1%	0.6%	0.6%	70.5%	5.1%	9.0%
	Middle	n=220	15.5%	4.1%	0.5%	0.0%	74.0%	2.3%	9.6%
	Large	n=132	16.7%	0.0%	1.5%	0.8%	75.7%	3.0%	2.3%
Sales Forecasting (***)	Total	n=515	19.6%	49.9%	1.0%	0.2%	17.5%	5.2%	6.6%
	Small	n=156	10.3%	46.2%	0.6%	0.0%	26.3%	5.7%	10.9%
	Middle	n=224	20.1%	55.8%	0.0%	0.0%	12.9%	5.8%	5.4%
	Large	n=131	29.0%	44.9%	3.1%	0.8%	15.3%	3.8%	3.1%
Product Related Activities									
New Product Development (***)	Total	n=496	16.2%	5.2%	4.4%	40.0%	15.5%	3.0%	15.7%
	Small	n=152	11.2%	7.9%	4.6%	30.2%	19.1%	2.0%	25.0%
	Middle	n=215	13.5%	5.1%	3.7%	48.9%	13.0%	2.8%	13.0%
	Large	n=125	27.2%	2.4%	5.6%	35.2%	16.0%	4.8%	8.8%
Product Design (***)	Total	n=505	14.5%	4.4%	7.7%	40.5%	10.3%	3.4%	19.2%
	Small	n=151	9.3%	5.3%	7.9%	29.1%	13.9%	4.0%	30.5%
	Middle	n=220	12.7%	5.9%	6.4%	47.7%	9.5%	2.3%	15.5%
	Large	n=130	23.8%	0.8%	10.0%	40.8%	7.7%	4.6%	12.3%
Research & Development (***)	Total	n=496	2.4%	2.4%	2.0%	51.9%	12.5%	2.4%	26.4%
	Small	n=147	3.4%	4.1%	0.7%	34.0%	16.3%	3.4%	38.1%
	Middle	n=213	0.5%	2.3%	1.9%	59.2%	12.2%	1.4%	22.5%
	Large	n=132	4.5%	0.8%	3.8%	59.9%	8.3%	3.0%	19.7%
Quality Management (*)	Total	n=485	2.7%	4.3%	13.0%	11.3%	45.0%	18.3%	5.4%
	Small	n=149	2.7%	6.0%	8.7%	14.1%	47.6%	10.8%	10.1%
	Middle	n=206	2.9%	2.9%	13.1%	11.7%	43.1%	22.9%	3.4%
	Large	n=126	2.4%	4.8%	17.5%	7.9%	45.1%	19.1%	3.2%

TABLE 10 (Cont): RESPONSIBILITY FOR MARKETING RELATED ACTIVITIES

MARKETING RELATED ACTIVITY	Sample	Size	Mkt	Sales	Prodn Ops Man	Tech /R&D	Top Mgmt	Other Dep.	No One
<u>Promotions Related Activities</u>									
Advertising (***)	Total	n=519	41.3%	25.8%	0.2%	0.0%	18.7%	7.8%	6.2%
	Small	n=159	22.6%	33.4%	0.0%	0.0%	32.7%	3.8%	7.5%
	Middle	n=221	40.3%	28.1%	0.0%	0.0%	15.8%	8.6%	7.2%
	Large	n=135	65.1%	14.1%	0.7%	0.0%	6.7%	10.4%	3.0%
Promotions (***)	Total	n=518	38.8%	28.2%	0.4%	0.2%	19.5%	4.8%	8.1%
	Small	n=159	19.5%	34.6%	0.0%	0.6%	31.4%	2.6%	11.3%
	Middle	n=221	38.9%	30.3%	0.0%	0.0%	17.2%	4.6%	9.0%
	Large	n=134	61.1%	17.9%	1.5%	0.0%	9.0%	7.5%	3.0%
Trade Marketing (*)	Total	n=492	17.1%	17.7%	0.0%	0.2%	10.8%	1.6%	52.6%
	Small	n=153	9.8%	19.0%	0.0%	0.0%	15.7%	2.0%	53.5%
	Middle	n=207	16.4%	18.8%	0.0%	0.5%	10.6%	1.9%	51.8%
	Large	n=128	25.0%	14.8%	0.0%	0.0%	5.5%	0.8%	53.9%
The Selling Operation	Total	n=521	8.4%	76.1%	1.7%	0.0%	10.7%	2.1%	1.0%
	Small	n=158	6.3%	73.5%	0.6%	0.0%	16.5%	2.5%	0.6%
	Middle	n=225	9.8%	76.9%	0.4%	0.0%	9.8%	2.2%	0.9%
	Large	n=134	8.2%	77.6%	5.2%	0.0%	6.0%	1.5%	1.5%
<u>Distribution Related Activities</u>									
Exporting (**)	Total	n=498	6.0%	37.9%	1.4%	0.2%	12.0%	6.8%	35.7%
	Small	n=155	6.5%	39.3%	0.6%	0.0%	18.7%	3.9%	31.0%
	Middle	n=212	4.2%	43.5%	1.4%	0.0%	9.4%	8.9%	32.6%
	Large	n=127	8.7%	26.0%	2.4%	0.8%	8.7%	6.3%	47.1%
Distribution (*)	Total	n=492	5.9%	25.1%	16.1%	3.0%	7.9%	27.8%	14.2%
	Small	n=149	6.7%	24.2%	8.7%	2.0%	10.7%	31.6%	16.1%
	Middle	n=213	3.8%	26.3%	18.3%	3.3%	5.6%	31.0%	11.7%
	Large	n=126	8.7%	24.6%	20.6%	4.0%	7.9%	17.5%	16.7%
<u>Service Related Activities</u>									
Customer Complaints Handling (***)	Total	n=506	9.8%	53.7%	8.3%	4.5%	6.1%	13.9%	3.6%
	Small	n=157	8.9%	56.6%	3.2%	4.5%	11.5%	10.8%	4.5%
	Middle	n=215	7.4%	53.6%	7.4%	6.0%	5.1%	16.8%	3.7%
	Large	n=130	14.6%	51.6%	16.2%	1.5%	1.5%	12.3%	2.3%
After Sales Service (***)	Total	n=503	8.7%	47.6%	10.7%	8.3%	5.4%	15.9%	6.0%
	Small	n=155	7.1%	47.1%	5.2%	11.0%	10.3%	11.6%	7.7%
	Middle	n=213	7.5%	47.4%	9.9%	9.9%	4.2%	15.5%	5.6%
	Large	n=131	13.0%	48.8%	18.3%	2.3%	1.5%	11.5%	4.6%
Setting Price (**)	Total	n=507	20.1%	33.9%	2.2%	1.6%	33.3%	7.9%	1.0%
	Small	n=156	10.9%	40.4%	1.3%	0.6%	37.2%	8.3%	1.3%
	Middle	n=217	20.3%	35.9%	1.4%	2.3%	32.7%	6.9%	0.5%
	Large	n=130	30.1%	23.8%	4.6%	1.5%	30.1%	8.4%	1.5%

*, **, *** = significant difference between large, middle and small firms, significance level: .05, .01, .001 respectively

7.2 Product related activities

The prime responsibility for product development (40%) and product design (52%) lies with the technical/R&D department. In larger companies the marketing department also has responsibility for these activities (27% and 24%). Research and Development is in 52% of the companies the responsibility of the R&D department. Marketing plays no role in R&D (2%), while top management is responsible in 13% of the cases.

Across all three of the above factors there were high proportions of respondents reporting that the activity 'does not exist' in the company. For example in one out of four companies (26%) R&D does not exist. Even in large companies product development and design (around 10%) and R&D (around 20%) do not exist.

The responsibility for quality management typically rests with senior management (45%). In a few cases responsibility lies with production (13%) or R&D (11%).

7.3 Promotion related activities

The main responsibility for marketing lies in promotion related activities. Across the sample about 40% of the respondents reported that marketing has the responsibility for advertising and promotions. These business units are mainly the larger companies. In addition they are relatively more often operating in consumer markets. It is remarkable that in more than one out of four cases responsibility for advertising and promotions lies with sales (26% and 28% respectively). Top management is responsible for these activities in around 20% of the companies; these are mainly small companies.

Trade marketing is used by only 47% of the respondents. Responsibility rests with sales (18%) or marketing (17%).

Where a sales department exists it obviously is the main area responsible for the selling operation (76%). Marketing does not play an important role in sales (8%).

7.4 Distribution related activities

Both export and distribution are mainly the responsibility of sales (38% and 25%). About one third (36%) does not export at all, while this percentage is the highest for the large companies (47% no export). In both cases marketing hardly has any responsibility.

7.5 Service related activities

Both after sales service and customer service are most likely to be the responsibility of sales (48% and 54% respectively). All other departments (including marketing) rarely have the responsibility for these activities.

7.6 Pricing

Responsibility for pricing lies in one third of cases with sales and for another one third with top management. Marketing is responsible in one out of five companies. In small and medium sized companies sales is more likely to be responsible for pricing than in large firms.

In short, it may be concluded that for a lot of activities often referred to as 'marketing mix decisions' actual responsibility lies with another department than marketing. In fact, only for advertising and promotion is marketing in most cases responsible.

8. Key success factors and competitive advantages

Respondents were asked to rank order the five main factors (out of a total of 19) which they believe will be the key success factors in their markets. In this analysis, a distinction was made between the different industry types (manufacturers, distributors, service companies). Furthermore they had to state on which of these factors they had or pursued a competitive advantage. In this analysis, market leaders and market followers were distinguished. Market leaders include

those companies who indicate having the largest market share on either a broad market or a niche.

Finally, they had to report on a number of marketing strategy variables including the marketing objectives, strategic focus, market targeting and competitive positioning.

TABLE 11: KEY FACTORS FOR SUCCESS AND COMPETITIVE ADVANTAGE PURSUED

KEY FACTORS FOR SUCCESS IN THE FIRM'S MARKETS	Ranked as key success factor (n=550)	Own competitive advantage (n=550)	Competitive Advantage: Market Leaders (n=194)	Competitive Advantage: Market Followers (n=356)
Product/service quality	56.2%	45.1%	52.6%	41.0% (**)
Competitive pricing	43.6%	20.9%	20.1%	21.3%
Product/service performance	32.4%	29.8%	36.6%	26.1%
Company/brand reputation	40.2%	43.5%	57.7%	35.7% (***)
Close link with key customers	42.2%	36.9%	43.3%	33.4%
Speed of reaction to customer requirements	29.5%	29.5%	33.5%	27.2%
Product/service design	7.3%	12.9%	15.5%	11.5%
Personal selling	28.9%	25.3%	22.7%	26.7%
Distribution coverage and/or uniqueness	22.2%	21.8%	28.4%	18.3% (***)
After sales service	16.5%	24.4%	26.8%	23.3%
Product range offered	21.8%	28.0%	37.6%	22.8% (***)
Close link with industry suppliers	6.0%	12.4%	12.9%	12.1%
A cost advantage in production	12.0%	12.5%	13.9%	11.8%
Prior market research	6.4%	7.6%	11.9%	5.3% (**)
Advertising and promotion	13.3%	12.5%	18.6%	9.3% (**)
Superior marketing information systems	4.2%	5.0%	9.3%	3.7% (**)
Finance and credit offered	4.7%	7.3%	7.2%	7.3%
Superior packaging	1.5%	1.8%	2.1%	1.7%
Other factors	1.5%	4.0%	5.2%	3.4%

*, **, *** = significant difference between leaders and followers; significance level: .05, .01, .001 respectively

8.1 Key success factors

Product related factors are considered to be the most important factors for success. More than half of the respondents (56%) indicate product quality as being one of the five most important key success factors. Other product related factors that are important are product performance (32%) and product range (22%). Not surprisingly these factors are directly related to the most important change in the marketing environment highlighted in Table 2: customers will increasingly demand better quality and reliability.

Given the high importance attached to these factors as the key for competitive success, it is interesting to see that the responsibility for product related factors is rarely with the marketing department (Table 10). Product quality is the responsibility of top management, while the prime responsibility for product development and product design lies with the technical/R&D department.

Other important factors include: competitive pricing (44%), close links with key customers (42%) and company/brand reputation (40%). Pricing is the main responsibility for sales and top management. Close links with customers is related to the service related activities in Table 10. The responsibility for these activities lies with sales.

The activities for which the marketing department is responsible (market research, competitive analysis, advertising and promotion), are typically rated lower in importance as key success factors. It can be concluded that for activities that are rated important for success in the market the marketing department is rarely responsible.

Only with regard to product/service quality significant differences were found between industry types: the distributors ranked this factor as less important than the manufacturers and the service companies. Less than 5% of the total sample agrees on a superior marketing information system being a key success factor.

The four most important competitive advantages for respectively market leaders and market followers are company/brand reputation (58%; 36%), product/service quality (53%; 41%), close links with key customers (43%; 33%) and product range offered (38%; 23%). All differences between leaders and followers are statistically significant at a significance level of 5% or less.

8.2 Competitive advantages

After having identified the key success factors, a rational company will go about building its competitive advantage accordingly. Table 11 confirms this expected behavior: the most important key success factors are about the same as the competitive advantages pursued. A price advantage however appears to be difficult to obtain: it is mentioned 2nd in the list of key success factors and 10th in the list of advantages.

Market leaders often have more advantages on the key factors for success in their market than followers, the largest difference reported on company/brand reputation. 58% of the leaders and 36% of the followers report having an advantage on this factor. Also in product quality, links with customers, product range, product performance and distribution leaders were more likely to pursue an advantage than followers.

9. Marketing strategy

9.1 Marketing objectives

The dominant objective pursued in the dynamic Dutch markets is one of steady sales growth (55%), followed by maintaining or defending the position (37%). Very few companies (8%) report aggressive sales growth to dominate the market. Growth objectives are pursued more by:

- business units with a small market share (followers);
- business units operating on growth markets and/or markets with a stable competition.

9.2 Strategic focus

The dominant focus is on introducing new products in existing markets (30%). For 20% of the respondents the strategic focus is on cost reduction and productivity improvements. Growth strategies such as winning market share from competitors, expanding the total market and entering newly emerging segments

TABLE 12: MARKETING STRATEGIES ADOPTED

STRATEGIC VARIABLES	Total Sample	Market Leaders	Market Followers	MSa (n=177)	MSb (n=206)	MSc (n=69)	MSd (n=98)
<u>Marketing Objectives</u>	(n=532)	(n=193)	(n=339)				
To maintain/defend position	37.2%	43.0%	33.9%	61.9%	8.3%	40.6%	55.7%
Steady Sales Growth	55.1%	51.8%	57.0%	28.8%	87.4%	50.7%	33.0%
Aggressive sales growth to dominate the market	7.7%	5.2%	9.1% (*)	9.3%	4.3%	8.7%	11.3% (***)
<u>Strategic focus</u>	(n=524)	(n=193)	(n=331)				
Expand the total market	15.1%	14.0%	15.7%	12.4%	17.5%	19.4%	16.5%
Introduce current products in newly emerging segments	12.0%	11.9%	12.1%	8.3%	17.0%	14.5%	9.9%
Introduce new/modified products in current markets	30.0%	31.7%	29.1%	29.0%	31.5%	35.5%	35.2%
Win market share from competitors	17.0%	11.9%	19.9%	24.1%	11.2%	11.2%	8.7%
Focus on cost reduction and/or productivity improvement	19.8%	23.8%	17.5%	26.2%	19.4%	19.4%	29.7% (**)
<u>Market Targeting</u>	(n=528)	(n=191)	(n=332)				
Attack the whole market	39.0%	48.7%	34.0%	59.8%	12.2%	39.7%	64.6%
Attack selected market segments	48.3%	41.9%	52.7%	25.3%	79.0%	47.1%	22.9%
Target specific, individual customers	11.7%	9.4%	13.3% (**)	14.9%	8.8%	13.2%	12.5% (***)
<u>Quality Positioning Relative to Major Competitors</u>	(n=531)	(n=192)	(n=278)				
Higher quality	52.9%	61.5%	47.5%	19.5%	75.1%	0.0%	98.0%
Average quality	46.1%	38.5%	51.1%	79.9%	24.4%	98.6%	0.0%
Lower quality	0.9%	0.0%	1.8% (**)	0.6%	0.5%	1.4%	2.0% (***)
<u>Price Positioning Relative to Major Competitors</u>	(n=530)	(n=191)	(n=278)				
Higher price	31.7%	42.4%	24.5%	0.0%	22.0%	52.2%	90.6%
Average price	58.9%	49.2%	65.8%	100.0%	74.1%	0.0%	0.0%
Lower price	9.4%	8.4%	9.7% (***)	0.0%	3.9%	47.8%	9.6% (***)

* = significant at the .05 level

** = significant at the .01 level

*** = significant at the .001 level

were pursued by respectively 17%, 15% and 12%. Relationships are found between strategic focus and marketing objectives: companies with defensive objectives more often focus on cost reduction (32%) than companies with growth objectives. Furthermore companies with growth objectives (stable or rapid growth) more often focus on expanding the total market and introducing products in new segments.

9.3 Market targeting

Given the changes in the field of increasing customisation of products and services and greater customer segmentation, as reported above, it is not surprising that the majority of the companies target specific segments (48%) or individual customers (12%). These are predominantly market followers. Targeting specific segments is the main orientation of companies with ambitious growth objectives (70%). Almost 40% report a total market orientation. This approach is more frequently adopted by market leaders and/or by companies with defensive objectives.

9.4 Competitive positioning: price and quality

About half of the companies (54%) claimed that their quality was superior to major competitors, 46% stated that their quality was similar. Not one respondent admitted an inferior quality. This result may be due to some respondent bias. One out of three companies pursued premium pricing, one out of ten pursued discount pricing. The price/quality combination of better quality and higher prices is mostly adopted by market leaders (33%). Market followers more frequently adopt the same quality and the same price (39%).

About 40% of the companies claim to have adopted a pricing strategy that enables sales growth and/or market penetration. For 20% of the companies pricing is aimed at profit maximisation.

10. Strategic types

Following Doyle et al. (1986), O'Shaunessy (1988) and Hooley et al. (1992), input to the cluster analysis were the five strategy variables listed above: marketing objectives, strategic focus, market targeting, price positioning and quality positioning. Following the cluster procedure described above, four distinct strategy types were identified (indicated as MSa through d). Table 12 describes the characteristics of the marketing strategies. Based on these characteristics the clusters are given a typology. Table 13 shows the competitive advantages for each of the strategy clusters. We also related the strategies to a number of performance indicators (Table 14). The four strategic types are described below.

MSa: Defensive objectives through broad targeting and no differentiation strategy (32.2% of the sample)

The main objective for this cluster is to hold and defend their market position (62%). This is most often pursued through winning market share from competitors or improvement of productivity. They do not target specific segments or individuals but are oriented on the total market (60%). They do not pursue a differentiation strategy: their quality and price positioning is about the same as the competitor's and they do not clearly follow a cost reduction strategy. They neither have any other competitive advantage (Table 13). This cluster could be identified as the Porter (1980) group 'stuck in the middle' or the Miles and Snow (1978) group 'reactors'.

MSb: (Relatively) ambitious growth objectives through selective targeting with high quality products (37.5% of the sample)

Companies in this cluster are relatively ambitious: 87% seek to achieve sales growth. In order to obtain this growth they target specific segments and clearly choose for a high value positioning: high quality and average price. Their strategic focus is more oriented towards entering newly emerging market segments than in the other clusters. Their competitive advantages are the quality and

TABLE 13: MARKETING STRATEGY BY COMPETITIVE ADVANTAGE PURSUED

COMPETITIVE ADVANTAGE	MSa (N=177)	MSb (n=206)	MSc (n=69)	MSd (n=98)
Product/service quality	31.6%	57.3%	17.4%	63.3% (***)
Competitive pricing	19.8%	20.4%	34.8%	14.3% (*)
Product/service performance	14.7%	38.8%	21.7%	43.9% (***)
Company/brand reputation	35.0%	48.1%	37.7%	53.1% (**)
Close link with key customers	28.8%	39.3%	30.4%	51.0% (**)
Speed of reaction to customer requirements	24.9%	32.0%	27.5%	33.7%
Product/service design	4.5%	14.1%	21.7%	19.4% (***)
Personal selling	21.5%	26.7%	24.6%	29.6%
Distribution coverage and/or uniqueness	13.6%	20.4%	34.8%	30.6% (***)
After sales service	24.9%	23.3%	15.9%	31.6%
Product range offered	20.3%	31.6%	30.4%	32.7%
Close link with industry suppliers	9.6%	15.0%	8.7%	14.3%
A cost advantage in production	9.6%	12.6%	18.8%	13.3%
Prior market research	5.1%	8.7%	4.3%	12.2%
Advertising and promotion	10.2%	11.2%	14/5%	18.4%
Superior marketing information systems	2.8%	5.8%	10.1%	7.1%
Finance and credit offered	6.8%	6.3%	5.8%	11.2%
Superior packaging	1.1%	1.9%	2.9%	2.0%

* = significant at the .05 level

** = significant at the .01 level

*** = significant at the .001 level

TABLE 14: MARKETING STRATEGY BY PERFORMANCE

PERFORMANCE INDICATORS	MSa (n=177)	MSb (n=206)	MSc (n=69)	MSd (n=98)
<u>Performance relative to original objectives</u>				
Better profit	32.0%	38.2%	40.6%	34.9%
Better sales volume	31.5%	37.9%	35.4%	34.9%
Better market share	20.6%	35.7% (**,a) (* ,d)	31.6%	32.5%
Better return on investment	23.0%	25.5%	33.3%	28.3%
Better cash flow	32.4%	42.8%	40.7%	37.1%
<u>Performance relative to last financial year</u>				
Better profit	42.9%	49.7%	47.7%	51.2%
Better sales volume	40.4%	49.2%	45.5%	44.2%
Better market share	27.7%	42.1%	36.7%	42.0%
	(**,b) (* ,d)			
Better return on investment	34.5%	35.7%	36.6%	42.6%
Better cash flow	37.1%	47.9%	41.2%	49.2%
	(**,b)			
<u>Performance relative to major competitors</u>				
Better profit	48.5%	62.1%	52.8%	70.9%
	(* ,d)			
Better sales volume	34.9%	48.7%	50.0%	60.0%
	(* ,b) (* ,d)			
Better market share	35.8%	44.0%	38.6%	59.7%
	(**,d)	(* ,d)	(* ,d)	
Better return on investment	30.6%	50.0%	40.9%	64.0%
	(* ,d)			
Better cash flows	39.7%	64.2%	44.4%	71.0%
	(**,b) (**,d)		(* ,d)	

* = significant at the .05 level

** = significant at the .01 level

(* ,a) = significantly different (at the .05 level) from MSa

performance of their product/service and their company/brand reputation (Table 13). These companies can be classified as 'high value segmenters'.

MSc Defensive or steady sales growth objectives targeting the whole market or segments through either low or high price positioning (12.5% of the sample)

This cluster is a relatively small group and falls in between MSb and MSd. Their objectives are mixed (41% defend position; 51% steady sales growth). Their strategic focus is either total market orientation (40%) or targeting specific segments (46%). An important difference as compared to MSa is that the business-units in this cluster possess some competitive advantages, such as price, design and distribution. With respect to price they either choose a high or a low price positioning. This strategy shows some resemblance with the Miles and Snow type 'analyzers'.

MSd Defensive objectives through broad targeting and premium positioning (17.8% of the sample)

Most of the companies in this group aim at defending their position (56%). They target the total market (65%) and clearly choose a premium positioning: high quality (98%) and high price (91%). They have several competitive advantages (Table 13), such as quality, product performance, company/brand reputation and product/service design. They also have the closest links with key customers. This group can be classified as 'defensive broad differentiators' (Porter) or 'differentiated defenders' (Walker and Ruekert, 1987).

Table 14 shows a number of performance measures for each of the four clusters. Pairwise significance tests have been applied to check for significant differences between the clusters. The following conclusions can be drawn:

- MSa is performing worse than MSb en MSd measured in
 - * market share relative to market share last year;
 - * sales in relation to competitors;
 - * cash flow in relation to competitors;

- MSd is performing better than all other strategic types when market share relative to competitors is concerned.

In all, it can be concluded that MSa (stuck in the middle) shows the worst performance. MSd (defensive differentiated defenders) is most succesful, while also MSb (high value segmenters) has good results. MSc (analyzers) takes an intermediate position.

11. Conclusions and discussion

Marketing environment and vision

The attractiveness of most of the Dutch markets can be characterized as moderate: markets grow slowly or are stable, power of customers is large and the markets are not very dynamic. A large majority of the respondents feels that in the near future more attention should be given to customers: customers will increasingly demand better quality and closer relationships with customers are needed. Also it is felt that competition will rise. These developments support the vision of most companies (68%) that marketing is an approach to business that should guide all of the company's operations. Also marketing has become more important over the last five years (63%) and will become more important the next five years (75%).

Implementation of the marketing vision

About half of the firms (especially large firms) report having a marketing department. Companies with a marketing department give the marketing function a more important role than firms without a marketing department. In companies with a marketing department much weight is given to marketing training of marketing personel. A majority of the companies use a SWOT-analysis when analyzing the market. About half of the respondents report the existence of a formal marketing information system. From these activities it can be concluded that the strong marketing vision is translated into marketing activities.

However, a discrepancy seems to exist between the marketing vision/philosop-

hy of companies and the implementation of this philosophy concerning the *responsibility* of marketing related activities. The responsibility for those activities that are rated important for success in the market (such as product related activities) is rarely vested with marketing. The only core marketing responsibilities are those that are reported not to be very relevant for success in the market (such as market research or advertising).

This discrepancy does not necessarily lead to problems, if the people who have the responsibility for key success factors follow the marketing concept themselves or if they regularly consult the marketing department in taking important strategic decisions. Or stated differently: if everyone in the firm is responsible for delivering superior customer value (Gummesson 1987) the firm is highly marketing oriented. From our data it can be concluded that in many cases (especially when small companies are involved) top management is responsible for many marketing related activities. Furthermore it is found that in many cases the department that is responsible (for example sales) is indeed closely working together with the marketing department.

In the near future we will investigate this in more detail to find out whether or not managers pay lip service to the marketing concept more than implementing the orientation in their organisation.

Marketing strategy

As stated before, at the time of the study Dutch markets were moderately attractive. Thus, it is not surprising that most Dutch firms are cautious in formulating objectives: more than 1 out of 2 companies seeks to achieve steady sales growth, while only 8% report aggressive sales growth being their objective. Companies with defensive objectives more often focus on cost reduction (32%) than companies with growth objectives. Furthermore companies with growth objectives (stable or rapid growth) more often focus on expanding the total market and introducing products in new segments. 1 out of 2 companies (especially market followers and firms with ambitious growth objectives) target specific segments instead of the whole market or individual customers.

Strategic types

Like Hooley et al. (1992) we studied a wide variety of marketing variables across a diverse set of industries and environments. Such an analysis would provide a greater depth of understanding the nature of strategic marketing typologies and their correlates. Probably this broad focus is the reason why Hooley et al. indicate their strategic types as *generic*.

Comparing our typology with Hooley there are indeed some resemblances, but also many differences. These differences are mainly due to the fact that in our sample there are relatively few firms focusing on segments. Another difference is that the objectives of the Dutch firms were less ambitious than the growth objectives of the UK sample. This may be caused by different macro-economic circumstances in The Netherlands at the time of data collection. We also find different relations between strategy and performance. For example, in our study there is no clear relationship between ambition and performance.

Although we used the same variables for our research and the same statistical techniques, we thus find another strategy typology than Hooley. Apparently, the resulting typology of Hooley et al. is not so 'generic' as indicated. They are more *specific* for the UK for the time of measurement. The same holds for our typology for The Netherlands. This implies that one could question the possibility of ever finding a real *generic* typology of marketing strategies. Thus, formulating recommendations for the choice of strategies will be hazardous too. Clearly, more research is needed to investigate the circumstances under which strategy typologies best describe the marketing behavior of firms. In this respect the IMEP project in which more than 20 countries participate may be helpful.

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