STRATEGIC MARKETING TYPES: EVIDENCE FROM THE EUROPEAN MEAT PROCESSING INDUSTRY

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EXECUTIVE SUMMARY

1. The discovery of a small number of generic strategies or competitive positions that would work equally well across product-markets, businesses and industries, would be an extremely important finding for business practicians. In particular the question of whether or why performance might differ between firms pursuing any strategy type has a strong academic and practical business interest. There is still a need to explore the basic question of whether generic types of marketing strategies exist. Also there is a lack of empirical evidence which examines a wide range of strategic variables across a diverse set of environments (countries).

2. The overall aim of this paper is further to provide a profound understanding of the nature of strategy types based on data from the European meat industry. In particular, the study (1) identifies and clusters meat processors using similar marketing strategies, (2) places these clusters in a strategic typology in order to better understand their position in the marketplace, and (3) analyses these strategic marketing types in terms of performance outcomes and differences in corporate attitudes and goals.

3. The meat processing sector in Europe is a mature and relatively stable industry in which consolidation is a continuing process. In spite of the overall trends facing all meat processors, they are confronted by different strategic problems and challenges because of their differences, for example, in terms of product offerings, degrees of specialisation, vertical integration, international orientation, relationship with the retail sector etc.

4. Based on related literature, two main hypotheses[1] are formulated regarding the relationship between strategic marketing types on the one hand and performance and corporate attitudes on the other hand. Integrating previous definitions and findings on key strategy dimensions, three main marketing strategy components are used in the analysis: Strategic focus/objectives, marketing targeting and marketing positioning. The variables are split up in the following main groups: Marketing strategy variables, Corporate attitude variables and Business performance variables.

5. A variety of multivariate analyses was used to explore the hypotheses. The cluster analysis resulted in a six-cluster solution being judged the most meaningful and interpretable. While cluster analyses always are subjective, several statistical tests such as MANOVA and ANOVA tests were used to evaluate the results.

6. The six groups were named as follows: Quality differentiated specialists (SMT1), Unfocused regionals (SMT2), Locals (SMT3), International innovative branders (SMT4), Unfocused followers (SMT5) and National private labellers (SMT6). From the description of the clusters it follows that in the European

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1 Hypothesis 1: Firms following focused strategic marketing types are expected to outperform firms that follow unfocused strategy types.
Hypothesis 2: Different strategic marketing types will vary significantly in corporate attitudes in terms of customer, technological and competitive orientation as well as orientation towards risk and innovation behaviour.

meat industry two strategy types (SMT 1 and 4) seem to be clearly focused because they generally represent a particular strategic orientation on one or a number of strategic dimensions. In contrast, two strategy types (SMT2 and 5) may be characterised as unfocused with no apparent orientation. The strategic focus of SMT3 and 6 only partially show a clear and consistent pattern.

7. The conclusion of the study provides support for Hypothesis 1. Hypothesis 1A cannot be verified as the sample does not contain a cluster of firms having been able to successfully compete with a low cost strategy. On the other hand, Hypothesis 1B is supported by the results since the sample contains strategic marketing types that compete with a differentiation strategy. So, the successful differentiators of SMT1 and SMT4 perform better than businesses in the other clusters. Hypothesis 2 is only partly confirmed.

INTRODUCTION

A major role for strategic marketing is to supply management with the information they need to choose markets and competitive positions; that is, where and how to compete successfully and to know how competitors conceptualise their markets, and where are the gaps in the market.

For many years the development of strategic typologies and taxonomies has received much attention in strategic management research as well as in the marketing literature. Still, the ideal for management practice is to identify the "best strategy" or competitive position that yields the best economic performance of the firm. In particular, conceptual contributions emerged from the two well-known business-level typologies offered by Miles and Snow (1978) and Porter (1980) at the beginning of the 1980s. Strategic typologies have been seen as "gestalts" since they represent "tightly and mutually supportive parts the significance of which can be best understood by making reference to the whole" (Miller, 1989, p 243). Also, borrowing from the business policy and industrial economics disciplines the concept of strategic groups has been rapidly developed through the 1980s and 1990s (Pitt & Thomas, 1994; Tang & Thomas, 1992; Thomas & Venkatraman, 1988). The attractiveness of the concept stems from its potential as an analytical tool to understand the complex patterns of firm-within-industry behaviour.

Although, the aim and scope of generic strategies differ from strategic group research, both approaches attempt to identify important contexts for strategy formulation. While the value of the strategic group concept lies in its role as a meaningful explanatory variable between the industry level and the firm level (the intraindustry context), the research on generic strategies aims to understand the content of strategy formulation. Both approaches analyse the bases of performance differences in an attempt to identify desirable (eg successful) strategies and competitive positions as well as the "right" combination of sources of competitive advantages (assets, resources and skills) that leads to over-normal economic performance. Even though research on strategic groups has been very active and has generated a great number of empirical studies, today, little is known about the existence and development of strategic groups (Barney & Hoskinsson, 1990).

Evidently, this kind of mid-range research is very attractive (Doty & Glick, 1994), as the idea of truly generic strategies and/or attractive intra-industry competitive positions has a certain undeniable appeal. The discovery of a (small) number of generic strategies and/or competitive positions that would work equally well across product-markets, businesses and industries, would be an extremely important finding for business practioners who might be guided through the jungle of strategic challenges and threats within their industry. In particular, the question of whether or why performance might differ among firms pursuing any given strategy type also has a strong academic and practical business interest.

The mentioned approaches have produced valuable insight into the nature of strategic typologies. However, still there is a need to explore the basic question on whether generic types of marketing strategies exist. Also there is a lack of empirical evidence which examines a wide range of strategic variables across a

diverse set of environments (countries). In the light of this, the overall aim of the paper is further to provide a greater depth of understanding of the nature of strategy types based on data from the European meat processing industry. Specifically, the aims of the study are (1) to identify clusters of meat processors using similar marketing strategies, (2) to place these clusters in a strategic typology in order to understand their position in the marketplace better, and (3) to analyse these strategic marketing types in terms of performance outcomes and differences in corporate attitudes and goals.

CONCEPTUAL BACKGROUND

Generic strategies

The implicit premise for this study is the belief that there are distinct, marketing strategy patterns among firms within an industry context. In strategic management research, the concept of strategy has often been defined as a pattern of firm behaviour from which a number of different strategies may be identified (Mintzberg, 1988).

Based on field studies in a few industries, Miles and Snow (1978) identified four recurring viable strategies: Defenders, prospectors, analysers and reactors. Within each strategic type, Miles and Snow examined the interrelationships of various attributes such as product/market entry, structure, managerial attitudes, technology etc. (contextual, structural and strategic factors). Defenders were described as companies engaged in little or no new product or market development, often competing within relatively secure market niches. On the other hand, prospectors acted as proactive firms seeking to meet new market opportunities by engaging in new product and/or market development, changing product lines etc. Analysers were an intermediate type making fewer and slower product and/or market changes than the prospectors. The firms that attempt ad hoc and unfocused deviations from their strategies, or that never developed a strategy with all its accompanying consistencies, were labelled reactors – a low performing strategy type.

When Porter (1980) introduced his well-known framework describing three generic competitive strategies, he argued that these strategies provide companies with the ability to achieve a competitive advantage and outperform other firms in their industry. According to Porter, firms can choose between three different strategy types: low cost (eg low price); differentiation (eg high quality product or service); or focus (eg a particular market segment). Consequently, Porter described his generic strategies as mutually exclusive: A firm has to make a choice of both the type of competitive advantage it seeks to attain and the scope within which to attain it (Porter, 1985). However, if a firm fails to develop its strategy along one of these generic strategies, the company is "stuck-in-the middle". This fourth generic unfocused strategy should anticipate low profitability. Although of a different generic strategy type, Porter's overall cost leaders are similar to Miles and Snow's "defenders" and also the "differentiators" are comparable to the "prospectors".

Over the years, the quoted works by Miles and Snow and Porter have received much attention and criticism (Faulkner & Bowman, 1992, Hill, 1988; Miller & Friesen,1986; Mintzberg,1988; Zahra & Pearce, 1990). However, relatively little

empirical research has been directed towards assessing the frameworks. Although, there seems to be some empirical evidence demonstrating that different strategic types within an industry employ various mixes of strategic variables, compete differently and therefore, achieve different levels of performance, the results are also mixed. The Miles and Snow typology has been empirically tested and supported by for instance Beekum and Ginn (1993), Conant, Mokwa and (1990), Ellis (1994), Parnell and Wright (1993) and Shortell and Zajac (1990), but not by Hambrick (1983a), Parnell (1997) and others.

When testing the Porter typology there are also conflicting empirical results; for support, see Lamont, Marlin and Hoffman, (1993), Hill (1988) and O'Reilly (1995). On the other hand, the robustness of the typology is not confirmed by other studies, see for example Kim and Lim (1988), Kotha and Vadlamani (1995), Miller (1988) and Miller and Dess (1993).

Traditionally, typologies have been viewed as classification systems rather than as theories (Doty & Glick, 1994). From a conceptual point of view, it has been questioned whether the simple frameworks discussed above capture the essence of more complete strategy types (Miller & Dess, 1993). Simple frameworks and typologies represent a kind of shorthand that seeks to encapsulate complex, holistic strategy types in a simple language. First, within the Porter framework it has been suggested that a company might be able to compete successfully by maintaining a coincident emphasis on both elements of differentiation and relative cost positions by deploying a kind of "hybrid of strategies".

A number of researchers have subsequently argued that differentiation and low cost are dimensions on which firms can score high or low (eg Murray, 1988). Hybrid types are combinations of the ideal types that are also posited in the relevant organisational outcomes. For example, empirical evidence suggests that Porter's framework could be improved by viewing it as providing three important dimensions of strategic positioning rather than the three (or four) generic strategies, see the reconceptualisation of Porter's model offered by Miller and Dess (1993) and Mintzberg (1988). On the other hand, findings of Nayyar (1993) suggest that for example cost-leadership and differentiation strategies are mutually exclusive at the product level and are not two dimensions of any strategy, as some authors have suggested (Dess & Davis, 1984; Miller, 1988).

Also, it may be asked whether all of the recommended generic (focused) strategies lead to equal levels of performances, since there is only limited explicit treatment of strategy-performance relationships in the two frameworks presented (Wagner & Digman (1997). For example, empirical research has shown that, at times, a "reactor" unfocused strategy (Miles & Snow, 1978) can be the most successful of the strategic options (Snow & Hambrick, 1980). Also, the findings of Smith and Grimm (1987) suggest that in regulated environments, few if any firms will follow focused strategies, because strategic choices such as customer selection and market entry often are controlled.

Third, the "generic" concept implies that the proposed strategy types should not be limited to any particular environment or industry: The strategic dimensions should be the same whether "the battlefield" is in a growth or mature kind of industry setting. However, it has been theorised that cost leadership strategies are appropriate in stable and predictable environments while differentiation

strategies are most appropriate in dynamic and uncertain environments (Hambrick 1983b; Kim & Lim, 1988; Miller, 1988), Also, empirical research has repeatedly supported the notion that the nature of the environment (Kim & Lim, 1988; Miller, 1988; Parnell, Wright & Tu, 1996) influences the presence and viability of the generic strategies. For example, the findings of Hooley, Lynch & Jobber (1992) suggest that the Miles and Snow typology is too broad to distinguish between all of the major strategy types which can occur in cross-industry studies. Also the findings of Adeyemi-Bello (1994), Hambrick (1983c), Prescott (1986), O'Farrell, Hitchens and Moffat (1992) and Sim and Teoh (1997) suggest that the nature of the industry context, the national environment and type of organisation (profit versus non-profit institutions) strongly influence the presence of the generic strategies of differentiation and overall cost leadership.

Dimensions of strategic marketing types

The mentioned strategy typologies have used a rather restricted sets of competitive strategy variables as indicators of the relevant business-level strategy dimensions. The key dimension underlying the Miles and Snow typology is the degree of adaptive capability in product or market development based on a strategy process approach. Porter's typology, on the other hand, relies on two dimensions of competition: The location of the business within the industry structure; the question on "Where to compete" (industry-wide or a particular segment only) and the sources of competitive advantages of the firm; or the question of "How to compete" (low-cost versus unique customer value).

Porter argued that the "Where" and "How" questions of competition are inseparable; they cannot be formulated in isolation because they are on the same side of the coin (Porter, 1991). For example, for being successful the generic strategy of industry-wide differentiation must be backed up by many costly activities such as extensive R&D, product development, and marketing expenditure to provide unique customer value. On the other hand, a successful overall cost leadership strategy must be built on taking advantage of scale economics, learning curve effects, greater access to resources etc.

Building on prior work (Hooley et al., 1992), the dimensions which define marketing strategies are similarities in those strategic actions intended to alter competitive advantage. In the following analysis, three main marketing strategy components are used based on previous definitions and findings on key strategy dimensions (Cool & Schendel, 1988): Strategic focus/objectives, marketing targeting and marketing positioning.

Strategic focus/objectives. A starting point for strategy development is to define the marketing objectives. Goals/objectives are the desired outcomes and provide a rationale for organisational strategy. Should the firm expand the market; maintain or win market shares? Or should the company focus on productivity and costs rather than differentiation through quality improvement and/or branding? In particular, the Miles and Snow typology contains some of these basic focal questions in terms of whether the strategy is defensive (hold position) or aggressive (expand the sales). The types of marketing objectives may vary with the product life cycle (growth, mature and decline) and the type of industry structure.

Marketing targeting. Targeting or the scope of marketing strategy encompasses a number of dimensions such as the array of products and buyer segments served, the geographic locations in which the firm competes, its degree of vertical integration, and the extent of related businesses in which the firm has a co-ordinated strategy. Competitive advantages are attained within a scope, and the choice of scope is a central one in strategy formulation and implementation.

Marketing positioning. While strategic focus and marketing targeting determine the game of "where to compete", the marketing positioning determines "how to compete", ie creating and sustaining competitive advantages. Day and Wensley (1988) state that competitive advantage is not a single entity, but a complex construct of the sum of many parts. Thus a competitive advantage is defined as a significant competitive edge over one's rivals in the marketplace in cost, differentiation, and/or outcomes that result from these positional strategies. Price positioning can be pitches above, the same as or below that of the competitors. A price leadership strategy means offering the same products as the competition, at lower prices. The same holds for quality and service positioning. In particular, the combination of price and quality/service level is crucial to financial performance.

Hypotheses

Based on related literature and the arguments presented above, two main hypotheses regarding the relationship between strategic marketing types on the one hand and performance and corporate attitudes on the other hand are formulated:

> *Hypothesis 1: Firms following focused strategic marketing types are expected to outperform firms that follow unfocused strategy types.*

The generic strategy scholars argue that in a competitive environment a focused strategy is required to align the firm with critical resources from the environment, to capitalise on the firm-specific resources and capabilities and to achieve a competitive advantage in the long run. The focus has to be clear, both in terms of strategy formulation and implementation. This means, that the organisation has to develop structures and processes internally which are complementary to its overall strategy. Therefore, a focused strategy that is orientated towards one or a few distinct strategic dimensions as well as characterised by a proper "fit" between the strategy and structure is expected to outperform an unfocused one in which no particular dimension and alignment is emphasised (Dess & Davis, 1984; Wright et al., 1991). However, not all focused strategies yield equal performance, some contingencies are expected to favour certain strategy types from others. Unfortunately, it seems impossible to put forward hypotheses about the characteristics or attributes of high performing strategic marketing types. For example, some authors argue that a generic low-cost strategy relying on high fixed costs is not appropriate for uncertain and fast changing industry environments (Miller & Dess, 1993).

Within a focused strategic type, firms that compete with the strategy attempt to lower their operation costs through process development, as well as to emphasise high capacity utilisation, low marketing expenditures that enable them to underprice their rivals. Therefore, there is theoretical support for the following hypothesis:

Hypothesis IA: Firms following a strategy type based on the low cost strategy will out-perform those of their rivals that compete on alternative strategies.

On the other hand, an alternative hypothesis may be offered. Firms following the differentiation strategy are predisposed to offering unique customer or buyer value. Although differentiation is a multivariate concept, as there are many ways to achieve it, product and service differentiation for example are based on offering products or services that are intrinsically different (different qualities, brands or styles) from those in the same category offered by rivals. "Differentiators" emphasise advertising (branding) in order to achieve a unique reputation, new product development in order to innovate and support higher pricing policies than their rivals, and are not greatly concerned with efficiency in capacity utilisation, costs of operations etc. This results in the following hypothesis:

Hypothesis IB: Firms following a strategy type based on the differentiation strategy will outperform those of their rivals that compete on alternative strategies

There is substantial evidence that firm strategies are influenced by different corporate attitudes towards objectives (short versus long term), management styles and business philosophies. Also these orientations affect corporate performance (Doyle & Hooley, 1992; Hooley et al. 1992; Kumar & Subramanian, 1997). The strategy and marketing literature has stressed the importance of three types of strategic orientations of the firm as significant indicators of performance and innovative behaviour: Customer, technological, and competitive orientations (Day, 1994; Gatignon & Xuereb, 1997; Narver & Slater, 1990).

Customer orientation is the firm's sufficient understanding of its target buyers in order to create superior value for them continuously and is often based on new product development, whereas competitor orientation relies on the firm's ability to identify, analyse, and respond to competitors' actions (Narver & Slater, 1990). Typically, market-driven companies are based on both elements of customer and competitor orientations (Day, 1990). Technological orientation, on the other hand, is the firm's ability and will to acquire a substantial technological background and use it in the development of new products and processes. Therefore, the following main hypothesis is submitted:

Hypothesis 2: Different strategic marketing types will vary significantly in corporate attitudes in terms of customer, technological and competitive orientations as well as orientations towards risk and innovation behaviour.

Furthermore, we expect to find differences in corporate attitudes towards risk taking, market innovation, product adaptation, export intention etc. as a result of differences in strategic conduct of the firm.

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Empirical analysis

Industry setting

The European meat-processing industry was selected for study because of its acknowledged competitiveness, stability and clearly defined boundaries (mostly single businesses). Also, the industry conditions and trends facing the European meat-processing industry provide a valuable context for assessing the usefulness of the approach to stratification of strategic types proposed in this study. Finally, this part of the food industry had not yet received empirical attention in the strategic marketing literature.

The meat-processing sector in Europe is a mature and relatively stable industry with a continuous consolidation. The meat-processing industry covers a wide range of products derived from pork, beef and lamb. Normally, the processed meat products are classified under two main headings: cooked (eg ham, sausages, pates, canned pork, ready meals) and uncooked (eg cured and dried hams, bacon, dry sausages and smoked products) types.

For many years, the EU meat-processing industry has been a very conservative one (GIRA, 1990). Traditionally, meat processing companies have operated within a strongly competitive scene characterised by a generally high-priced volatile raw material on the one hand and a low added-value final product on the other. Therefore, profitability has always been low, and specialised family companies and farmer-owned co-operatives have remained the major players in the industry. Overall, at an "industrial" level (excluding the small artisan producers), it is estimated that there are approximately 2,000 to 2,500 meat processors in the EU. The degree of industry concentration at the national level (except for Denmark, the Netherlands and Belgium) is very low, indicating a highly fragmented structure. Looking at the industry at an EU level, its fragmented structure becomes even more apparent: The five largest companies in any one country (excluding cross-border interests) are estimated to account for less than 6% of the market (GIRA, 1990).

Recent years have seen considerable changes in the supply and demand conditions of the meat industry as in other food industries in the EU. On the supply side, overcapacity has prevailed for years. In general, EU production is expanding relatively in most countries with high growth rates in Belgium, Ireland, and Denmark (3-4% yearly) and lower growth rates in Germany and the Netherlands (below 1% yearly). For most EU countries, the national industry is the significant supplier and for the EU as whole. Net EU intra-industry trade represents approximately 1-2% of consumption indicating a low, but increasing degree of internationalisation. Also, the structure of production is changing with stagnant or declining production in traditional products (bacon, sausage and canned products) and expansion in the cooked segment and the high end of the market (eg convenience products with high value added). Moreover, a wider and more specialised range of products has lately been offered, particularly within the white meat assortment (poultry).

On the demand side, the total EU consumption of processing meat products is only expanding marginally (2-3% yearly). Processed meat, as a proportion of total consumption, varies significantly between EU countries. In volume terms

per capita consumption ranges between 15 and 20 kgs per head for most countries. In general, consumption has moved away from red meats towards poultry and pork. An increasing variety and better value through higher quality products seem to be more important to the consumer than before. Still, the traditional, cooked hams/shoulders and cooked sausage continue to dominate consumption in most of the countries.

Due to gradually changing lifestyles and demographics there is an increasing demand for convenience, ready-meal products, "low fat" products (healthiness), and fresh (table) meat etc. In some countries (the United Kingdom and Denmark) ethical and veterinary issues influence meat consumption to an increasing degree. However, huge differences in consumption patterns and taste preferences across EU countries and national regions exist. Although, a tendency to develop cross-border segments, strong local consumption patterns remain (Traill, 1997). Only lately, important changes in the political and regulatory environment have occurred, and there seems to be an increasing interdependent competitive setting within the European context. The interdependencies have further been increased due to the growing bargaining power and internationalisation of the retailers which are squeezing out traditional outlets and channels of distribution.

In spite of these general industry trends facing all meat processors, the companies are confronted with different strategic problems and challenges because they differ in a number of ways in terms of product offering, degrees of specialisation, vertical integration, international orientation, relationship to the retail sector etc.

Data

More than 20 in-depth interviews were held with managing directors and/or chief marketing executives from meat-processing companies in Denmark, Germany, the United Kingdom and France in the period 1994-95. These semi-structured interviews allowed the development of variables to measure and specify research questions.

The questionnaire was pretested in a small population of Danish meat-processing firms and industry experts to control for possible misunderstandings of wording and problems of validity. To further validate the questionnaire's measures, a content analysis of annual reports for selected firms was conducted. Because of the cross-national nature of the study, the questionnaire was translated from Danish into five different languages: German, English, Italian, Spanish and French.

The survey was mailed to a stratified sample of companies drawn from the Kompass register in ten EU countries (Denmark, Sweden, Germany, the United Kingdom, Ireland, France, Italy, Spain, the Netherlands and Belgium). To avoid small company over-representation the sample was stratified to size including companies with more than 20 employees. The questionnaire was sent to the CEO or the marketing director of the company in question. The 1,194 cross-national questionnaire mail-out (using two follow-up waves) produced a response rate of 15.3%. This is below the average response rates of other industrial mail surveys (Hart, 1987; Jobber & O'Reilly, 1998). Of the 239 questionnaires 77 were return-

ed with addressee unknown or a mention that the respondent was not involved in meat-processing, whereas 38 respondents did not wish to participate in the study. In all, the number of usable questionnaires was 133.

Subsequently analysis of response data and a follow-up telephone survey of non-respondents partly confirmed that the respond data base was broadly representative of the original sampling frame and, hence, of the European meat processing industry. In terms of size categories, the response sample follows the general patterns of the basic EU population of meat processing companies, although relatively small firms have an over-representation in the sample. In terms of geographical representation, however, a "domestic" effect was found in the sense, that Danish meat-processors had a significantly higher propensity to respond to a questionnaire sent from Denmark (48% response rate).[2]

On the other hand, only a very low response rate was reported for the Netherlands, which may be explained by the fact that Danish and Dutch companies perceive each other as strong competitors on the European meat market. The response set of the other EU countries was similar to the total Kompass sample. Although there were minor differences in representation between the sampling frame and the total sample, this should not, however, affect the identification and classification of marketing strategies within the meat-processing industry.

The respondent set of the companies in the data base was characterised by the following attributes:

- Most of the companies were small (37% of the total population had less than 50 employees), while the dispersion of the other firm sizes was fairly even

- 75% of the companies were independent, family businesses

- About half of the companies made over 50% of their total turnover through the retailing sector, and

- Most companies had an export share of less than 5% of the total turnover.

Measurements

The study's unit of analysis was the business-level (product-level). It should be noted that the subset of businesses was narrowly defined (a small spread of business types) so that business performance and behavioural information collected by the data instrument could be directly related to the marketing strategy deployed.

The specification of the strategy variables is always a function of the industry under study. Consultation with industry managers and experts (the interviews), reviews of the meat-processing industry in Europe (GIRA, 1990) and previous research suggested that a meat-processor's choice of marketing strategies manifests itself primary in the firm's scope of operations, cost and differential position and that competition revolves around a few asset stocks: Innovative-

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2 For a similar "domestic" effect in cross-national studies, see Jobber and Saunders (1991).

ness, branding, and the degree of processing. A minimum plant size and asset endowments are required to compete within the meat-processing industry, and are therefore not very important in defining competitiveness.

A firm's strategy may be assessed by three different methods: external assessment, objective indicators and self-reporting (Snow & Hambrick, 1980). In this study, the latter was used, based on the managers' perceptions about the firm's strategy and bases of competition rather than preconceived frameworks defining competitive and strategy variables (such as the structural analysis by Porter, 1980) or expert judges (Smith & Grimm, 1987). It is argued that obtaining extensive input from top managers provides information on what the marketing managers consider as their conceptions of desirable strategic profiles. In this study, these subjective data are also supplemented by objective conduct variable measures such as marketing intensity (marketing expenditures as a percentage of total sales), relative product development expenditures, export shares. etc.

Marketing strategy variables

The marketing strategy variable was specifically constructed to measure the important dimensions of the firm's strategic focus, targeting and positioning of their main business. The dimensions of *strategic focus* were measured using a four-item, five-point scale that asked respondents to indicate the extent to which their main business area in the present situation involved (1) quality focus, (2) focus on cost and productivity, (3) win market share and (4) maintain market share (Hooley et al., 1993; Narver & Slater, 1990). The dimensions are aimed to measure the strategy of overall cost leadership versus the differentiation strategy based on quality and the extent to which the firms defend or expand their market positions.

The dimensions of *marketing targeting* were measured along important scope variables in consistence with Porter's (1980) strategic target dimension which differentiates firms emphasising a segment of an industry from those embracing an entire industry: (1) geographic scope: the extent to which firms seek to increase their market base on their domestic activities (local and/or regional market coverage), (2) product line scope: the extent to which firms expand into a full range of product lines, (3) customer segment scope: the extent to which the firms offer their main product line to one or a number of customer groups, (4) international orientation and (5) brand identifications. Each of the variables (1)-(3) were measured along attitudinal statements using a five-point scale of agree/disagree, while the two latter variables were measured as export sales as a proportion of total sales and as an index of branding (proportion of turnover sold as a manufacturer brand), respectively.

To measure the important dimensions of *marketing positioning*, respondents were asked to indicate on a five-point scale the competitive positioning of their main product/business area vis-à-vis their main competitor in the meat processing industry: (1) price positioning (lower/the same/higher), (2) quality positioning, (3) service positioning, (4) level of product development efforts (poorer/the same/better), (5) level of marketing efforts, and (6) brand loyalty.

Corporate attitude variables

To capture important aspects of their strategic marketing priorities, the respondents were asked to indicate their corporate attitudes towards a number of statements (i) technological (production) versus demand orientation; (ii) customer versus competitor orientation and (iii) product adaptation versus development. For example, as regards customer orientations, respondents were asked to indicate whether they agreed or disagreed on the statement: "The firm is more orientated towards the development in market needs and demands than in the competitive behaviour of our competitors". Also, attitudes of (1) risk taking, (2) perceived export barriers, (3) market innovation (4) degree of competition etc. were included in the study. In the questionnaire, the managers were asked to self-rate on a five-point Likert scale.

Business performance variables

Because of the multiple linkages between strategy marketing types and business performance, it is desirable to employ more than one measure of performance (Varadarajan & Ramanujam, 1990; Venkatraman & Ramanujam, 1986). The performance set of variables in this data set includes (1) growth in turnover, (2) return on assets (ROA), and (3) market share. The arguments for choosing these performance indicators are that growth in turnover and ROA (return of assets) are commonly used performance measures in strategy research, whereas the market share measure is of particular relevance in industry sectors characterised by maturity and branding identification such as the meat processed industry.

However, a limitation to this study is the lack of publicly available financial data. More than 50% of the sampled firms do not publish their financial figures. In particular this goes for the small, family-owned meat-processors from Germany, France and Italy. Therefore, self-reported Likert-scale measures of each firm's relative success were collected, see also Dess and Robinson (1984). Although, such subjective performance indicators have been applied effectively in a number of recent studies (Douglas & Rhee, 1989; Hooley et al., 1992), we recognise the problems of validity. However, managerial assessments are generally quite consistent with objective measures internal to the organisation, as well as secondary published performance data external to the organisation, see Dess and Robinson (1984).

For each performance indicator, the respondents were asked to characterise the development of their main product in terms of sales growth, ROA and market share in the last three years, using a five-point scale rating from "very satisfactory" to "very unsatisfactory". Also, the respondents were asked to indicate the general economic results of the company in the last three years compared with the industry average.

The data base was further supplemented with firm demographic variables such as size, product range, R&D expenditure, sales and marketing expenditure, number of new products introduced etc.

RESULTS

A variety of multivariate analyses was used to explore the research questions. First, a varimax rotated principal-component factor analysis was conducted to investigate whether the 14 marketing strategy variables described above, reveal the underlying dimensions of the marketing strategy and to remove multi-collinearity. The seven-factor solution (with eigenvalues over one) explained only 58% of the total variance in the data set. Also, the Kaiser-Meyer-Olkin measure was low (0.55) indicating that using the factor loadings in the following analyses may not be a good idea, since correlations between pairs of variables cannot be explained by other variables (results not reported).

Second, cluster analysis was used to derive supra-groupings of firms representing configurations across the dimensions of the marketing strategy. The grouping of meat-processors was made in a two-step procedure, as suggested by Ketchen and Shook (1996). First, hierarchical cluster analysis was applied to determine the number of clusters. Three different algorithms were used. Since it has been established that Ward's method uncovers the "natural structure" best in the data, this agglomerative algorithm was conducted. The average linkage within and between methods was also used.

The decision rule for choosing meaningful clusters was based on two criteria: the overall variance explained and the incremental change in variance as a result of adding another cluster. The overall variance criterion was set at a minimum of five percent of total variance and a further cluster was added at the points in the dendograms where there are large breaks. Also, cluster solutions that produce one-firm groups were avoided. Based on the input of the former analysis, the non-hierarchical K-means clustering method then was used to re-allocate individuals between clusters, if necessary, to enhance the tightness of the clusters.

Third, discriminant analyses were used to test whether we could discriminate between the groups in terms of performance and corporate attitude variables using the key marketing strategy dimensions as predictor variables. This analysis would indicate whether the strategy variables used in the previous analyses are valid as predictors of performance differences on the one hand and the differences in corporate attitudes on the other.

Clustering of strategic marketing types

As explained above, clusters were formed directly, using the key strategy variables as the discriminating variables. The results of the hierarchical cluster algoritms identified a core number of clusters which retain a relatively stable membership pattern. Subsequently, the non-hierarchical K-means clustering algorithm was used and a six-cluster solution was judged most meaningful and interpretable. Six firms of the response set were not classified (outliers).

While cluster analyses always remain subjective, several statistical tests may be used to evaluate the results. A MANOVA test was used to determine whether the groups have a statistically different profile. This was confirmed since Wilks' Lambda is 0.0 (=8.349, p=0.00). Also, an ANOVA test was applied to assess

whether each of the individual marketing strategy variables was different across the groups, since the MANOVA approach is only concerned with the detection of significant differences among the population (group) centroids.

The Kruskal-Wallis one-way ANOVA test showed that the clusters (strategic types) score differently on each strategic marketing variable (at the $p=0.05$ level) apart from the following variables: (i) product scope ($F=0.817$; $p=0.575$), (ii) retail-orientation ($F=1.753$; $p=0.103$) and (iii) the degree of processing ($F=0.889$; $p=0.517$).

Figure 1 provides a graphic profile of the six strategy marketing types. For each of the 14 strategic marketing variables, the grand means of each cluster are shown. The overall structural configuration shows that in terms of the number of firms in each cluster, three groups have a larger number of firms (between 24 and 28) whereas the other groups have between 14 and 17 members. The six strategy marketing types (SMT's) are described below.

Figure 1. Graphic profile of strategic marketing types within the European meat industry
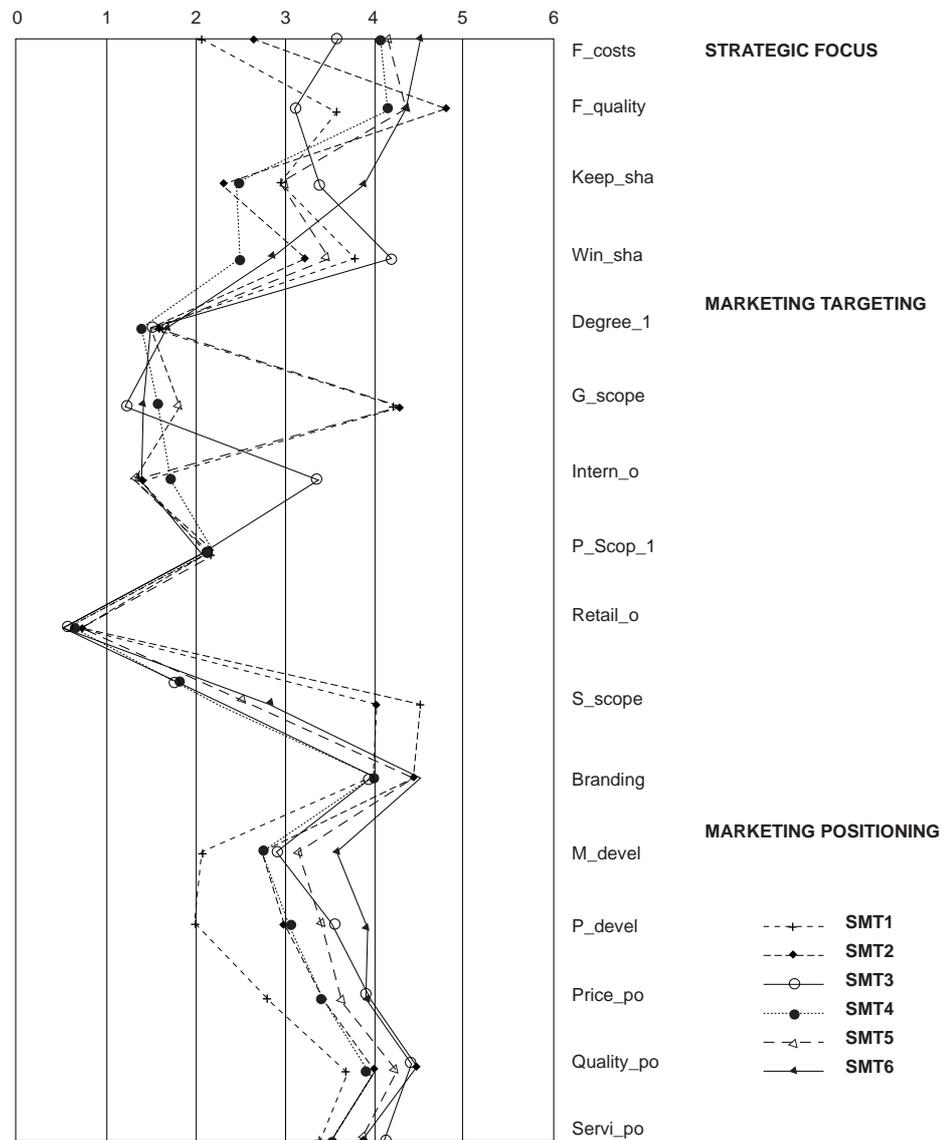
SMT1 – Quality differentiated specialists (n=17). The strategic focus of SMT1 is on quality, while the focus on costs and productivity is of minor importance. The market targeting approach is to offer branded products to a selected customer segment of the market (the retail sector). The geographic scope is aimed at a broader regional market within the national border. The international orientation is low as with SMT2 and SMT3 (an export share less than 5%). Typically positioning of SMT1 involves a 'premium" price/high quality relationship, with, however, a relative low degree of processing (almost lower value added products). There is also a strong emphasis on branding. Relative marketing and product development expenditures are on the same level as the competitors. This strategy resembles a focused differentiation strategy within a narrow market scope.

SMT2 – Unfocused regionals (n=24). Firms following this pattern of strategy has chosen to win market shares. However, there is no particular focus on costs and productivity (middle position) or on quality improvement (the lowest score of all the clusters). The scope of the marketing strategy is home-based, however, within a broader regional market scope. In this respect the strategy type is similar to SMT1. However, there is a broader segmentation scope aimed at several customer groups. Although in the lower end, the market targeting adopted by SMT2 is average quality at average prices. There is no special focus on either marketing or product development. In general, the SMT2 cluster of firms is reported to be in the middle on all strategy dimensions, that is, they are rated consistently "average" in terms of no apparent orientation. Therefore, the strategy type is characterised as unfocused.

SMT3 – Locals (n=28). The strategic marketing focus is both on costs and quality, while the targeting approach is to aim at a limited – typically local – market area. Firms within this cluster address their products to one or only a few customer groups. High value added products are typically positioned in the "average" price/quality end; however, with a relatively low degree of service positioning. In general, the SMT3 firms appear not to be very focused in their marketing strategy except for their local orientation in the marketplace.

SMT4 – International innovative branders (n=16). In this cluster, most of the firms focus on international markets, as between 25 and 49% of the total turnover stem from export sales. Similar to SMT3, the strategic focus is both on costs/efficiency and product quality. The SMT4 cluster of firms scores the highest on focus on costs and productivity. The scores of all the market positioning variables are higher than for the average firm in the total sample. The high price/high quality positioning is close to SMT1. Compared with all the other strategy types, there is a greater emphasis on product development and marketing efforts demonstrating innovativeness in customer orientation. Within the cluster more than 75% of the firms have more than 200 employees. Firms that follow the international market orientation seem simultaneously to maintain both a low cost and a highly differentiated position.

SMT5 – Unfocused followers (n=14). The strategic marketing focus of the cluster seems to be unclear. There is no priority for either low relative costs or product differentiating (quality orientation). High value added products are unfocused sold to a selected customer group (solely the retail sector) on the local market (no regional or international sales). The marketing positioning of SMT5 is weak

due to the very low scores on all of the positioning variables. The price/quality relationship is the lowest compared with the other strategy types, as service positioning, marketing efforts and product development are the lowest. Therefore, no competitive advantages are created within this strategy type. This strategy is labelled an unfocused follower because of the clear lack of attention paid to any of the strategic marketing variables.

SMT6 – National private labellers (n=28). The final strategy type identified is not strongly based on cost reduction or productivity improvement ("average" grand mean score compared with the other clusters). The most salient attributes of the firms in cluster SMT6 are their lack of focus on either keeping or winning market shares. This strategy type is geared to offering low value added products targeting at a broader geographic scope combined with some exports (average between 5 and 24% international sales). Most of the products are unbranded and offered through the retail sector. Average price at average quality level is prevailing. The service position of the cluster is the lowest. Cluster SMT6 firms seem to act as subcontractors or own label producers to the retailers. Although, the cluster configuration suggests some consistency in the mix of the strategic marketing variables, the SMT6 firms do not strongly follow a clearly focused strategy pattern.

From the description of the clusters it follows that in the European meat industry two strategy types (SMT 1 and 4) seem to be clearly focused, because they generally represent a particular strategic orientation on one or a number of strategic dimensions. In contrast, two strategy types (SMT2 and 5) may be characterised as unfocused with no apparent orientation. The strategic focus of SMTs3 and 6 only partially show a clear and consistent pattern.

Strategic marketing type and business performance

A univariate ANOVA test was conducted to examine the extent of statistical association between the group membership and each of the "success" measures. Only a significant difference between the six strategy types was found in the case of ROA (Wilks' Lambda = 0.823, F = 3.33, p = 0.003). An examination of the mean value of the ROA revealed that clusters SMT1 and SMT4 outperform the other four SMTs. In particular, the relative financial performance of SMT5 was weak.

Table 1. Discriminant analysis: Strategic marketing type and business performance

a. Standardised canonical discriminant function coefficients				
Performance measure	Function 1	Function 2	Function 3	Function 4
General economic results	-0.151	0.156	0.544	1.197
Return on assets	1.333	0.029	-0.149	-0.706
Growth in turnover	-0.688	0.479	0.902	-0.380
Market share	-0.272	0.556	-1.078	0.146
Percent of variance	58%	23%	16%	3%

b. Pooled within group correlations between discriminating variables and canonical discriminant functions				
Performance measure	Function 1	Function 2	Function 3	Function 4
General economic results	0.716*	0.676	0.158	-0.069
Return on assets	-0.024	0.887*	-0.453	0.087
Growth in turnover	-0.140	0.836*	0.423	-0.319
Market share	0.381	0.556	0.283	0.683*

* Largest absolute correlation between each variable and any discriminant function

c. Canonical discriminant functions evaluated at group means				
SMT 1	0.539	0.101	0.441	0.088
SMT 2	0.027	-0.189	-0.360	-0.056
SMT 3	0.339	-0.096	-0.056	-0.002
SMT 4	-0.008	0.589	-0.272	0.142
SMT 5	-0.856	-0.487	0.113	0.186
SMT 6	-0.038	-0.036	0.149	-0.149

Discriminant analysis was then used to determine those performance measures that best distinguished strategic marketing types. Each of the performance indicators was used in a stepwise discriminant analysis using Wilks' method. The results of the discriminant model is shown in Table 1. As shown in Table 1a, two functions accounted for 81% of variance indicating the most significant discriminating variables. The pooled within-group correlations (see Table 1b) demonstrate that function 1 is concerned with general economic results of the firm, whereas function 2 is described by ROA and sales growth. The result seems to suggest that ROA, general economic success and the sales growth are more effective in discriminating between performance of the six clusters than market share. The reason why market share is not significant in discriminating among the six clusters, may be due to the nature of the fragmented, stable industry environment. Therefore, the latter measure was excluded in Table 2, which reports the percentage of firms in each cluster with low, medium and high performance under each of the three indicators.

Table 2. Performance differences between the strategic marketing types

Strategic Marketing Types	SMT1	SMT2	SMT3	SMT4	SMT5	SMT6
General economic results						
Low	6	33	18	25	50	25
Medium	59	46	57	19	36	54
High	35	21	25	56	14	21
Return on assets						
Low	12	41	32	12	79	39
Medium	53	42	39	44	14	39
High	35	17	29	44	7	22
Growth in turnover						
Low	6	21	18	6	35	26
Medium	47	54	46	31	36	34
High	47	25	36	63	29	39

In reference to Hypothesis 1, it is expected that focused strategy marketing types outperform unfocused strategy types. From Table 2, it follows that across the performance criteria, the clusters of SMT1 and 4 clearly performed best with the highest percentages of firms reporting highest performance. These clusters are also the most focused in terms of strategy variables, which SMT1 concentrates on, whereas the firms of cluster SMT4 are innovative international branders. The strategic marketing type with the poorest performance is populated by the firms of SMT5. This may also be expected since both the scope of business and the bases of competition (lowest scores on all the positioning variables) are unfocused and mixed. Also SMT2 is a low performing marketing strategy type characterised by an unfocused strategy. In general, the other clusters with only partially focused strategic marketing patterns show medium performance. Thus, support is provided for Hypothesis 1.

With reference to Figure 1 and Table 2, the empirical results suggest that Hypothesis 1A cannot be verified because the sample does not clearly contain a cluster of firms having been able to successfully compete on the low cost strategy (cost leadership). On the other hand, Hypothesis 1B is supported with these results since the sample contains strategic marketing types that have attempted to compete with regard to differentiation. So, the successful differentiators of SMT1 and SMT4perform better than businesses in the other clusters.

Strategic marketing types and corporate attitudes

Discriminant analysis was further used to determine those corporate attitudes which best discriminated between the strategic marketing variables in the cluster analysis. Eight variables were included in the analysis indicating the respondents' corporate attitudes towards technological and customer orientations, risk taking, competition, export barriers, and product innovation (new product development, product adaptation, and importance of being first on the market with new products). Tests of equality of group means for each single

corporate attitude variable (ANOVA-test) show no significant statistical results, except for the variable "importance of first on market" ($F = 2.279$, $p = 0.032$). This indicates only minor variations in corporate attitudes which underpin the six strategic marketing types. Table 3a reports that two functions accounted for 71% of variance, of which function 1 describes new product development, while function 2 is associated with technological/production orientation of the firm (Table 3b).

A closer look at each of the strategic marketing types reveals that SMT1 (the highest performance cluster) reveals a relatively high group mean for the variable technological and production orientation. However, there is no strong differentiation vis-à-vis the other clusters with respect to the product innovation variables as expected. The other high performing strategic marketing type – SMT4 – adopts the most proactive approach to new product development, customer orientation and market innovation, and also shows the highest risk taking attitude to the future success of the company. SMT5, the lowest performing strategic marketing type, is characterised by a more negative attitude to new product development, but a stronger commitment to product adaptation. The mean scores of customer orientation and market innovation are also relatively low in the case of SMT5. Only to a minor degree do the other SMTs differentiate in their corporate attitudes towards strategic orientations in terms of production, markets, and competitors as well as their risk and innovative behaviour. From this it follows that Hypothesis 2 is only partly confirmed.

DISCUSSION AND CONCLUSIONS

The purpose of this study was to advance our understanding of the nature of generic strategy types as suggested in classic studies by Miles and Snow (1978) and Porter (1980). The aim of the paper was not to make formal tests of the typologies of those authors but rather to extend their work by focusing on a wide range of strategic marketing variables and provide some evidence of corporate attitudes and performance implications to different strategic behaviour (conduct) within a specific industry, viz. the meat processing industry.

Results of this study show that within a given industry there are distinct strategic types, each of which has its own configuration of marketing strategies. The findings reported here suggest that there seems to exist relatively few business positions in the European meat-processing industry. The study has identified six strategic marketing types that differ across three key dimensions of strategic focus, targeting and market positioning.

One of the strategic marketing types found possesses some characteristics of the Miles and Snow (1978) prospector category. Like the prospector, SMT4 is characterised by a proactive and customer-orientated behaviour seeking new opportunities in international markets, an active stance in new product development and a high degree of emphasis on marketing. The strategic behaviour of SMT1 resembles Porter's (1980) focused differentiation strategy, primarily based on quality differentiation aimed at a specific customer group.

On the other hand, no one market-wide cost leadership strategy emerged from the analysis. This is perhaps a result of lack of specifications of the variables that

measure cost leadership, ie focus on creating effective internal systems and cost minimisation. The sampling of the European meat-processing industry with many small and medium-sized companies may also have influenced this result.

Table 3. Discriminant analysis: Strategic marketing types and corporate attitudes

a. Standardised canonical discriminant function coefficients

Corporate attitude	Functions						
	1	2	3	4	5	6	7
Product development	0.175	-0.245	0.525	0.644	-0.748	-0.153	-0.043
Technological orientation	-0.198	0.642	0.461	0.233	0.280	-0.307	0.171
Customer orientation	0.528	0.468	0.001	-0.133	-0.106	-0.418	-0.222
Risk taking	0.371	0.120	0.447	0.282	0.321	0.557	-0.426
Export barriers	-0.514	-0.494	0.209	0.284	0.538	-0.329	0.150
Market innovation	0.676	-0.143	-0.490	-0.371	0.467	0.103	0.590
Product adaptation	-0.110	0.262	-0.550	0.524	-0.197	0.351	0.334
Degree of competition	-0.024	0.153	0.547	-0.397	-0.355	0.325	0.536
Percent of variance	42.9%	28.3%	17.1%	5.1%	4.6%	1.7%	0.3%

b. Pooled within group correlations between discriminating variables and canonical discriminant functions

Corporate attitude	Functions						
	1	2	3	4	5	6	7
Product development	0.673*	-0.234	-0.063	0.113	0.311	-0.089	0.581
Technological orientation	-0.095	0.654*	0.255	0.283	0.310	-0.270	0.295
Customer orientation	-0.119	0.342	-0.425	0.580*	-0.092	0.311	0.379
Risk taking	0.455	-0.364	0.261	0.540*	-0.387	-0.262	0.231
Export barriers	-0.132	-0.425	0.245	0.273	0.447*	-0.300	0.330
Market innovation	0.343	0.026	0.356	0.281	0.424	0.621*	-0.302
Product adaptation	0.448	0.307	0.011	-0.047	-0.046	-0.548*	-0.073
Degree of competition	-0.105	0.073	0.494	-0.406	-0.221	0.320	0.552*

*: Largest absolute correlation between each variable and any discriminant function

c. Canonical discriminant functions evaluated at group means

	Functions						
	1	2	3	4	5	6	7
SMT 1	-0.264	0.231	0.679	-0.047	-0.004	-0.006	-0.043
SMT 2	-0.345	-0.474	-0.284	-0.092	-0.067	-0.044	-0.040
SMT 3	0.209	0.020	0.0006	-0.088	0.185	-0.104	0.034
SMT 4	1.086	-0.289	0.031	0.067	0.002	0.113	-0.021
SMT 5	-0.496	0.479	-0.319	0.019	0.207	0.172	-0.007
SMT 6	-0.233	-0.077	0.068	0.093	-0.177	0.034	0.051

The empirical results suggest that strategy formulation seems to be a key moderating variable affecting performance. In fact, the results indicate that the success achieved by firms differ over the identified strategy types. Previous research has suggested that various strategy types would perform equally well in any industry provided that the strategy is well implemented. The results reported here suggest that high performing strategic marketing types (measuring on ROA) are expected to experience an attractive competitive position if they hold the following strategic marketing characteristics: Focus in the type of market served, quality positioning, and a very positive attitude to marketing innovations and product development. These characteristics were held by SMT1 and SMT4, where the latter was characterised by international orientation.

The empirical results also provide support for the notion that businesses that attempt to combine strategies in a haphazard manner tend to be "stuck in the middle", as proposed by Porter. The strategic behaviour of SMT5 has a clear lack of attention in the mix of the strategic marketing variables with very low scores on all the positioning variables.

Although six different strategy types were observed, the various orientations were not strongly associated with different corporate attitudes towards marketing, risk and innovative behaviour as expected. To some extent, however, the results indicate that a marketing strategy which exhibited the most positive attitudes towards both technological and customer orientations (SMT1) on the one hand and new product development, market innovations on the other (SMT4) also record the best performance.

The findings should, however, urge managers to carefully (re)consider where and how they compete within the meat industry. A possible implication of the findings for the managers involved in strategy execution would be that they need to maintain or try to achieve a proper fit between the strategies of market targeting (where to compete) and marketing positioning (how to compete) to assure high performance. The empirical evidence suggests that firms populating low or medium performance SMTs do not have the proper fit.

Also, within the European meat industry there seems to be various firms that follow an unfocused strategy that also lack an alignment between the strategy they follow and the complementary internal processes that enable them to secure a sustainable competitive advantage which can be leverages into successful performance. Our study, however, is unable to explore the important aspects of strategic implementation further.

There are a number of limitations in this study. First, the fact that the results of the study are based on responses made by only 15% of the businesses randomly selected, would potentially involve some bias. Second, the choice of the industry and the limited number of firms studied tend to limit the generalisability of the findings. Third, most of the data reflect perceptions or stated belief of strategy and performance implications rather than actual behaviour. Ideally, perceptual self-typing data should be combined with archival data to arrive at a more complete description of strategic marketing types. Finally, additional variables related to strategy implementation should also be tested for inclusion in this study, because different strategies need to be implemented in different ways (see eg Waldersee & Sheather, 1996).

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