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## **ABSTRACT**

# **AN EXPLORATORY STUDY OF THE MARKETING PROCESSES OF CONSUMER FOOD PRODUCT MARKETERS**

By

Frank Howard Wadsworth

Increased rivalry in the food industry has led existing food marketers to change from a 'commodity' to a 'marketing' business orientation. This research investigates the marketing process as implemented by several consumer food product marketers. A model of the marketing process was developed using marketing literature and discussions with academicians. Field interviews with consumer food product marketers were conducted to determine their marketing processes and activities. Interview results reveal that although marketers use the same components of the marketing process model, the extent to which these components are used varies substantially. Commodity-oriented firms use fifty percent of the model's elements, while marketing-oriented firms use ninety percent. Marketing-oriented firms also use more disaggregated and in-depth data as well as formal analyses in making their marketing decisions.

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OF CONSUMER FOOD PRODUCT MARKETERS**

**By**

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## CHAPTER 1

### RESEARCH SETTING

Chapter 1 provides an overview of the research study. The chapter begins with an introduction and rationale for the research project, followed by identification of the research problem. Following this is a presentation of the research objectives, propositions and positioning of the research. The chapter concludes with a brief statement outlining the remainder of the thesis.

#### 1.1 Introduction

The general objective of this research is to further knowledge and understanding of marketing approaches and activities in the food packing and processing industries. To achieve this goal a model was developed which illustrated the market planning activities and market research questions addressed by a judgment sample of Michigan food marketers and processors. The model is called a market planning support system because it can aid food marketers in addressing the key issues necessary to develop detailed

marketing plans. Two previous studies related to this research are: Criner, et al.<sup>1</sup>, a commodity potential analysis that identifies marketing as packaging, inspection, storage, broker fees and shipping; and Griffin<sup>2</sup>, in which a marketing process model is developed from a review of literature and expert validation. Although somewhat similar to this study, Griffin focused exclusively on food manufacturers in Puerto Rico. In this study, the focus is broadened to include fresh food packers as well as processors of consumer food products in the United States.

### 1.2 Terms and Definitions

Several marketing terms frequently used in this study are: 1) Marketing, 2) Marketing Process, 3) Consumer Food Product Marketer, 4) Market Planning Support System, 5) Commodity Orientation, 6) Marketing Orientation, 7) Customer, 8) Consumer, 9) Market Planning, 10) Market Strategy, 11) Market Niche, and 12) New Product Development. Each term, although commonly used by agricultural economists, has many interpretations. Consequently, to avoid confusion, definitions of these terms, as used in this study, are:

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<sup>1</sup> Criner, George K., et al. (1986), "A Standardized Methodology for Evaluating Commodity Potential," *Maine Agricultural Experiment Station*, Miscellaneous Publication No. 688, University of Maine, Appendix A, Table 1, 21.

<sup>2</sup> Griffin, Tom (1982), "Linking the Use of Modern Marketing Methods to Company Success," *Columbia Journal of World Business*, 17(Fall), 52.

- **Marketing is identifying a market need and then finding a way to fill it, with resulting benefits for customers and gains for marketers.**
  - **Marketing Process is the unique approach which organizations adopt in order to: 1) identify their customers' wants, needs and perceptions; 2) develop and position products and services to satisfy those wants and needs; and 3) communicate positive product/service benefits to customers.**
  - **Consumer Food Product Marketer is an organization involved in the marketing of food products to consumers through retail grocery food marketing channels.**
  - **The Market Planning Support System (MPSS) as developed in this research is a 'decision tree' type of aid or model which can be used by consumer food product marketers to facilitate understanding and implementation of the marketing process.**
  - **Commodity orientation is a business philosophy that emphasizes maximizing production efficiency and product sales of relatively undifferentiated products while generally failing to recognize customers and consumers as possessing different product wants and needs.**
  - **Marketing orientation is a business philosophy that emphasizes continuous identification of customer and consumer market niches and the development new products to maximize satisfaction of those customer and consumer wants.**
  - **The term customer as used here refers to any one of many intermediary buyers in the marketing distribution channel.**
  - **Consumers are in a sense special customers in that they are the final users of food products.**
-

- Market Planning is a systematic process that involves assessing marketing opportunities and resources, determining market objectives and developing marketing strategies.
- Marketing Strategy outlines the activities necessary to achieve marketing goals or objectives.
- Market Niche is a portion of the total market in which customers and/or consumers have relatively similar product wants.
- New Product Development is the process by which new products are developed from product ideas to commercialization.

### 1.3 Rationale for Developing the Market Planning Support System

There are four specific reasons for developing the marketing planning support system (MPSS). The first is to increase the likelihood of successful new food product introductions in the ever-changing and financially risky consumer food product environment. New food products are considered to be any food product, flavor, size or re-formulation that does not currently exist in the market. According to this definition, 9,192 new food products were introduced in 1989, a 12% increase over 1988.<sup>3</sup> Given fixed and limited amounts of shelf space in supermarkets and an average of 15,000 items per store, it is becoming increasingly difficult to get shelf space for new products as the rate of new introductions increases faster than shelf space growth rates.

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<sup>3</sup> *Marketing News*, August 6, 1990, 17.



The percentage of unsuccessful new food products, defined by some researchers<sup>4</sup> as products which have annual sales volumes less than \$15 million is substantial, possibly as high as 90 percent of market introductions. Unquestionably, many smaller firms could be successful with sales volumes less than \$15 million but large, nationally branded products are often characterized as needing \$15 million in sales to support market research, graduate-educated employee salaries and large marketing budgets. The success rate of new products by experienced marketers can be greater, sometimes approaching 66 percent of market introductions.<sup>5</sup> However, since only one percent of generated new food product ideas are successful in the market<sup>6</sup>, it is obvious that new product development and marketing are not easy or always successful processes. Yet, they are processes which can be understood by all food marketers. If market planning and new product development processes were not successful, marketing-oriented firms would no longer invest in planning and would instead exclusively focus their efforts on increasing operating efficiency. The MPSS developed in this research provides portions of the market planning and new product development processes needed to increase the likelihood of successful new products.

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<sup>4</sup> McLaughlin, Edward and Vithala R. Rao (1988), "An Exploratory Modeling of the Decision Process of New Product Selection by Supermarket Buyers," *Agribusiness*, 4(2), 178.

<sup>5</sup> Pride, William M. and O.C. Ferrell (1989), *Marketing Concepts and Strategies*, Boston: Houghton Mifflin, 232.

<sup>6</sup> Rogers, Peter (1988), "Food Marketer: Slow the 'Frenetic' Pace of New Product Introductions," *Marketing News*, Collegiate Edition, Chicago, IL: American Marketing Association, (May), 10.

The second rationale is to aid traditional food packers and processors that have strong commodity orientations, if they desire, to embrace a marketing orientation and thus increase the likelihood of identifying opportunities for greater profitability. Some food packers and processors want to shift at least part of their business away from familiar but often low profit margin commodity businesses into branded products. James Rinella, President and Chief Operating Officer of Sun World International, a leading produce marketer, in a commodity-dominated industry, expresses the necessity to change orientations:

"Sun World has always had a very strong base of commodities. However as we look[ed] at our growth potential.... it didn't make sense for Sun World to continue to expand as a commodity marketer. We need[ed] to find new, unique products....to give us a particular niche in the marketplace, a superior position."<sup>7</sup>

In the contemporary consumer food market many previously commodity-oriented organizations are moving toward a marketing orientation, that is they are becoming more aware of product and service attributes valued by customers and consumers, such as packaging labels (for instance, state seals on homegrown food products) and processing (for example, on-farm processing of yogurt and other products). Moreover, awareness of the need for and value of consumer promotion has been increasing rapidly. For example, the use of generic advertising by commodity organizations and associations has been growing as shown by the Beef Industry Council's television and print advertising promoting beef consumption. California raisin growers' organization in their 'generic' consumer advertising,

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<sup>7</sup> Drum, David (1988), "Produce Business Interview," *Produce Business*, (May), 21-2.

has introduced the successful jingle, 'Heard it Through the Grapevine.' Florida orange growers' advertise, 'Nothing Like it in the World' orange juice. The Washington Apple Growers' Association heavily promotes Washington apples and the virtues of Idaho potatoes are promoted by Idaho potato growers. Increased marketing activity by these commodity organizations is indicative of a changing business orientation, one which embraces the marketing process. MPSS can be used to assist food organizations as they evolve from commodity to marketing orientations.

The third rationale is to help new food marketing organizations to better understand the intricacies of the marketing process and to compete more effectively in a food system increasingly dominated by larger and more marketing-oriented consumer food marketers. To many managers of packing and processing firms, the marketing process is a mysterious and ambiguous process.

This vague understanding of the marketing process is relatively common among fresh food packers and consumer food product processors, especially smaller and commodity-oriented organizations. On the other hand, knowledge and understanding of the marketing process has been an integral part of many large, marketing-oriented food businesses for a long time. These sophisticated and often highly capitalized firms, both in and out of the food industry, use detailed market analyses of their business and product environments. Business consultants, many employing graduate-educated employees, also practice these sophisticated marketing activities and analyses. However, given the state of knowledge of all of these

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individuals, not a single publicly available source was found which was dedicated to describing consumer food marketing processes or marketing plans. Businesses consider the knowledge of their employees to be 'proprietary' and do not divulge detailed information to competitors.

Most food packers and processors understand the general concept of the market planning process (Figure 1), but for organizations to compete effectively in the contemporary food system, the process needs to be more fully understood and more completely implemented in a detailed fashion. Large and well capitalized food marketers often use in-depth research-backed plans to implement their marketing strategies. Smaller, less well capitalized and commodity-oriented firms tend to use broader or general marketing plans which are based more on 'gut-feelings' or data from small samples (friends or relatives). The MPSS to be developed explicitly incorporates many detailed marketing steps and activities that will lead modestly capitalized or commodity-oriented organizations to an enhanced understanding of the marketing process that is much closer to the level of the marketing-oriented organizations.

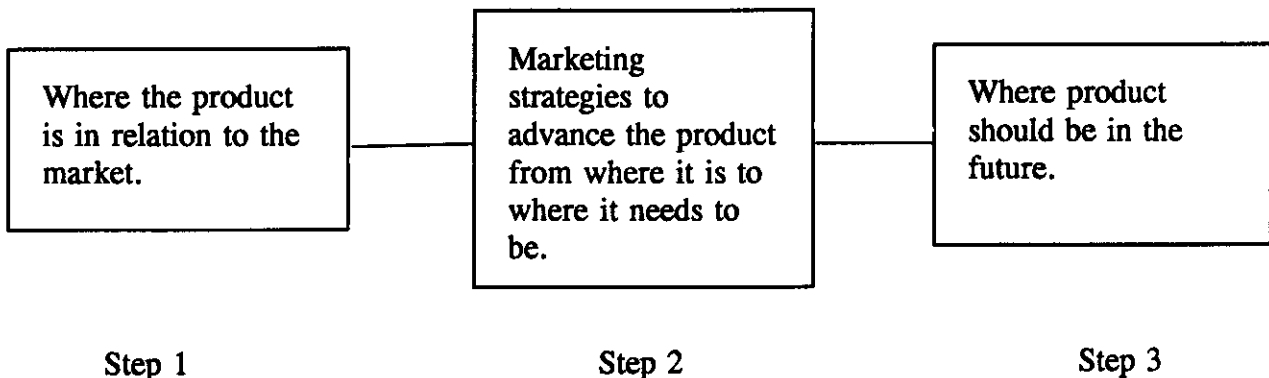


Figure 1. The Planning Process

As part of understanding the marketing process, food packers and processors need to appreciate the complex and changing food system in ways more comparable to highly capitalized and marketing-oriented food packers and processors. Many existing food packers and processors are not sufficiently familiar with the entire food marketing system. They do not perceive input supply firms or merchant wholesalers and retailers as participants in the food system. Many of these same packers and processors have historically believed that the most important marketing activities are buying and selling and, therefore, have ceded many other marketing activities to their suppliers and/or customers. What is needed by these commodity-oriented food marketers is knowledge of: 1) who their customers and consumers are, 2) their customer and consumer wants, 3) who handles their products before they reach consumers and, 4) the behavioral complexities of the food system.

The MPSS will aid in the identification of opportunities in the consumer food product market. Market segments will become apparent as the MPSS user adopts the marketing process and writes the marketing plan. MPSS will identify the strengths of leading products and the wants of customers and consumers not being satisfied in the product category. This information will highlight unsatisfied customer and consumer wants and, therefore, opportunities for the food marketer. The market planning support system will systematically explore differentiation opportunities that exist and identify opportunities for creating customer or consumer value.

It is believed, enhanced knowledge of the marketing system and methods of identifying

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opportunities will assist commodity-oriented food packers and processors in understanding the marketing process at the level of marketing-oriented food packers and processors.

The fourth rationale concerns efficient information dissemination. Marketing plans are unique and, therefore, must be developed for every product. Basic components of market planning and marketing processes are in large degree common across most consumer food product categories. However, specific detailed elements of marketing plans and marketing processes are not often generalizable. For example, whether a product needs an oxygen controlled atmosphere for storage is applicable to a fresh apple product, while it is not pertinent to fresh potato or canned products. Due to the uniqueness of in-depth marketing plans, it is difficult for any one 'expert' to assist multiple product category commodity-oriented food marketers. For example, one expert may be extremely knowledgeable in the meat industry, but unable to aid fruit growers. One efficient method of disseminating marketing process knowledge is to use the components and elements of the MPSS when instructing food marketers in the use of the model. This will allow the MPSS user to employ their expert knowledge to develop the more detailed elements of their marketing plan.

The MPSS is expected to help commodity-oriented, modestly capitalized, existing and potential food marketers in developing marketing plans for each of their products without external consultants. The MPSS as developed is a self-explanatory aid for the market planning process of consumer food product marketers. The MPSS provides commodity-oriented and modestly capitalized food marketers with a tool to identify and investigate key

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elements of the marketing process.

#### 1.4 Identification of the Research Problem

This study investigates the marketing process employed by consumer food product marketers who distribute their goods through grocery stores. Specifically, the research problem is to better understand marketing approaches as practiced by large and small firms in Michigan that exhibit a wide range of marketing and commodity orientations. Although business oriented marketing research has investigated the general process of market planning, studies specifically investigating the food industry are limited as discussed above.

#### 1.5 Research Objectives

A judgment sample of food organizations in Michigan was chosen to be generally representative of the range of business orientations currently existing in the United States food packing and processing industries. Therefore, results of this survey should be generalizable to other geographic regions of the country and possibly to other industries.

The specific research objectives of this study are:

- 1) To better understand the marketing processes of consumer food product marketers.
  - 2) To identify the major components and elements of the consumer food product marketing process that are generalizable across many food product categories.
-

- 3) To develop a market planning support system for existing and potential consumer food product marketers which will assist them in developing and analyzing consumer food product marketing plans.

### 1.6 Research Propositions

Although formal, quantitatively-verifiable hypotheses are not presented, because of the research method employed, propositions of the research project are:

- $P_1$ : There are common components and elements which are addressed when the marketing process is applied across consumer food products.
- $P_2$ : Marketing-oriented food marketers employ a more in-depth analysis of the marketing process elements in developing marketing plans than non-marketing oriented food marketers.

### 1.7 Positioning the Research

The Marketing Planning Support System is a 'decision tree' type of management aid which explicitly indicates key components and elements in the marketing process for consumer food products. The MPSS will be able to assist users in two ways as they implement the market planning process. First, by explicitly identifying marketing activities which can result in improved situational analyses of the product and firm environment, and second, by suggesting key questions, the answers to which lead to informed decision making.

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The MPSS approach incorporates portions of the new product development and business planning processes. The process of new product development has as its ultimate objective the commercialization of new product concepts. Kotler and Armstrong identify a new product development process, of which market planning is one step (Appendix C): new product ideas are generated and screened, further development and testing of the screened concepts are done, marketing strategies are developed, financial and business analyses of the concepts are initiated, prototype products are developed and test-marketed, final business and financial analyses are made, and the product is commercially introduced<sup>8</sup>. The new product development objective of commercialization is relatively narrow as it implicitly excludes a product's competitive environment, therefore, new product development is differentiated from planning activities which are oriented to the broader market environment.

Business planning is involved with the personnel, product, market, operations and financial functions of a firm. Harold McLaughlin states that the essential components of a business plan include:

"the [business] charter, management, the product, the market plan, department plans, financial plans, and [the] knowledge of how to put it all together."<sup>9</sup>

Marketing plans are one portion of a broad business plan that also includes many non-

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<sup>8</sup> Kotler, Philip and Gary Armstrong (1989), *Principles of Marketing*, 4th ed., Englewood Cliffs, NJ: Prentice Hall, 278.

<sup>9</sup> McLaughlin, Harold J. (1985), *Building Your Business Plan: A Step-by-Step Approach*, New York: John Wiley and Sons, 3.

marketing functions. These other functions are not in the scope of the MPSS or this study.

MPSS is designed to be broader than the new product development process as it incorporates an external environment audit. On the other hand, it is narrower than a business plan in that it excludes the personnel, operations and financial functions of the organization.

MPSS also incorporates portions of marketing strategy, market planning and the marketing management process. Marketing strategy is the means by which a product goes from where it is in relation to the market to where the marketer feels it should be in the future. Kotler and Armstrong define marketing strategy as:

"1) the size, structure and behavior of the target market, the planned product positioning, and the sales, market share and profit goals sought....2) the product's planned price, distribution strategy, and marketing budget for the first year....3) the planned long-run sales and profit goals and marketing mix strategy...."<sup>10</sup>

This definition encompasses steps 2 and 3 of the planning process that was illustrated in Figure 1. MPSS will aid in determining marketing strategies, but it will not specify individual strategies such as the product's price or distribution strategies.

Market planning is the planning process of customer and consumer-oriented organizations (Figure 1). An outline of a marketing plan is illustrated in Appendix B. Linnemann defines

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<sup>10</sup> Kotler, Philip and Gary Armstrong (1989), 282-3.

the marketing plan as:

"a document that describes the goals, strategies and tactics that will be used to achieve the marketing results the firm is seeking."<sup>11</sup>

MPSS aids in the determination of goals and strategies, but does not explicitly establish the goals or strategies.

The marketing management process is a process by which actual marketing plans and strategies are formed. The marketing management process as identified by Kotler and Armstrong:

"consists of (1) analyzing marketing opportunities, (2) selecting target markets, (3) developing the marketing mix, and (4) managing the marketing effort."<sup>12</sup>

MPSS aids in the analyses of market opportunities and target markets, however, implementation of the marketing management process is the responsibility of the MPSS user.

MPSS assists in the market planning process of consumer food product marketers. The MPSS model, as described above, does not determine explicit goals, strategies or tactics for the MPSS user but it does identify through comparisons, opportunities that exist in the marketplace for the MPSS user's product. MPSS is a systematic means of discovering and

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<sup>11</sup> Linnemann, Robert E. (1987), *How to Prepare and Use the Annual Marketing Plan*, Philadelphia: Robert E. Linnemann, 1.

<sup>12</sup> Kotler, Philip and Gary Armstrong (1989), 40.

deciding upon possible strategies and tactics to be implemented by the MPSS user.

### 1.8 Organization of the Paper

The remainder of the paper is organized as follows: Chapter 2 presents the research method.

Chapter 3 discusses the development process of the market planning support system.

Chapter 4 analyzes the MPSS model. Chapter 5 summarizes research results, noting the limitations of the research and suggestions for future research endeavors.

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## CHAPTER 2

### RESEARCH METHOD

This chapter presents the research method of the MPSS project. A discussion of the literature search procedure begins the chapter. Presentation of the conceptual design and development of the MPSS framework follows the literature search. A discussion of the survey of Michigan consumer food product marketers completes the chapter.

#### 2.1 Literature Search

A search of three databases for appropriate literature on research methods, business planning and marketing activities made up the initial phase of the research project. First, a search was undertaken of the on-line Library of Congress Subject Heading database for literature under the headings of food marketing, market planning, marketing process, business plans and food marketing research. Second, a search was performed of the ABI/INFORM database of nearly 800 business and management journals for literature under the headings of food marketing, consumer goods marketing, market planning process, business planning process, qualitative marketing and marketing process. Third, a search of the American Marketing Association library for references related to business

and marketing plans was undertaken.

Literature from the fields of sociology, marketing and economics was useful in discovering and evaluating various research methods of the social sciences. Initially, the special issue of *Administrative Science Quarterly* (December 1979) was an extremely revealing reference on qualitative methodologies. The preface by van Maanen, the Mintzberg and Piore articles, and the text of Bogdan and Taylor led to a deep appreciation for qualitative research methods. This literature identified three types of qualitative research: participant observation, case studies, and field interviewing. The writings of Miles, Bonoma, Foreman, McClintock, Brannon, Maynard-Moody, and Bloor were of importance in delineating these qualitative methods. Glaser and Strauss's text and articles by Fielding and Fielding, Finch, Robinson and Zelditch led to the realization that the most appropriate research methods for this particular study were field interviewing and analytic induction. Griffin and Criner, et al., were the only business or economic studies similar to the current research. There, exists however, a large amount of business literature in the marketing, business planning and marketing strategies areas, related to this study which aided the development of the initial MPSS. Examples of business literature in these areas include: Brooks, Dudick, Goetsch, Hisrich and Peters, Hodock, Hopkins, Kotler and Armstrong, Lindberg and Cohn, Linneman, Littler, Makens, Rausch, Sissors and Upstart.

The literature search provided a foundation for the research endeavor by assisting in

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focusing and refining the research topic and method, and structuring the initial MPSS model as described in the next section. The literature search aided in meeting the second objective of this research study: identification of the generalizable components and elements of the consumer food marketing process.

## 2.2 Design and Development of the Initial Market Planning Support System Framework

Development of the initial market planning support system stems from a belief held by Miles that qualitative researchers should draw upon past research efforts and analyses to develop a 'rough working framework,' and that repeated revisions and extensions of the framework are necessary.

Initial approaches to organizing and developing the MPSS evolved from the conceptual structure illustrated in Figure 2. The MPSS concept is the first and most general level of the framework. The general concept of a market planning support system is applicable to any industry, product or organization. For example, market planning processes occur in the aerospace, timber and food industries.

The second and more conceptually specific level of the MPSS framework is labeled the component level. Component concepts apply to many industries or products, although they are not as transferable as items from the concept level. For example, distribution issues may be applicable to the food industry but inconsequential to the holiday resort

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industry.

The third, and most specific level of the MPSS framework is designated the elements level. Elements tend to be industry specific and may occasionally be product category specific. For example, an element concerning distribution through retail grocery stores is pertinent to many food industry firms, some health and beauty aid product firms, and to a few consumer goods firms, but irrelevant to the retail computer or defense industries. Even an element about retail packaging may be applicable to a dry grocery product marketer but not to a bulk produce shipper.

Although more specific and detailed levels of the MPSS framework do exist, the goal of this study to develop a general model (i.e., one useful to a dairy product marketer as well as a produce product marketer) suggests the investigation of more specific and in-depth levels not be undertaken in this study. Design and development of the MPSS framework satisfies the third objective of the research study: To organize the components and elements of the marketing process to aid consumer food product marketers in developing and analyzing marketing plans.

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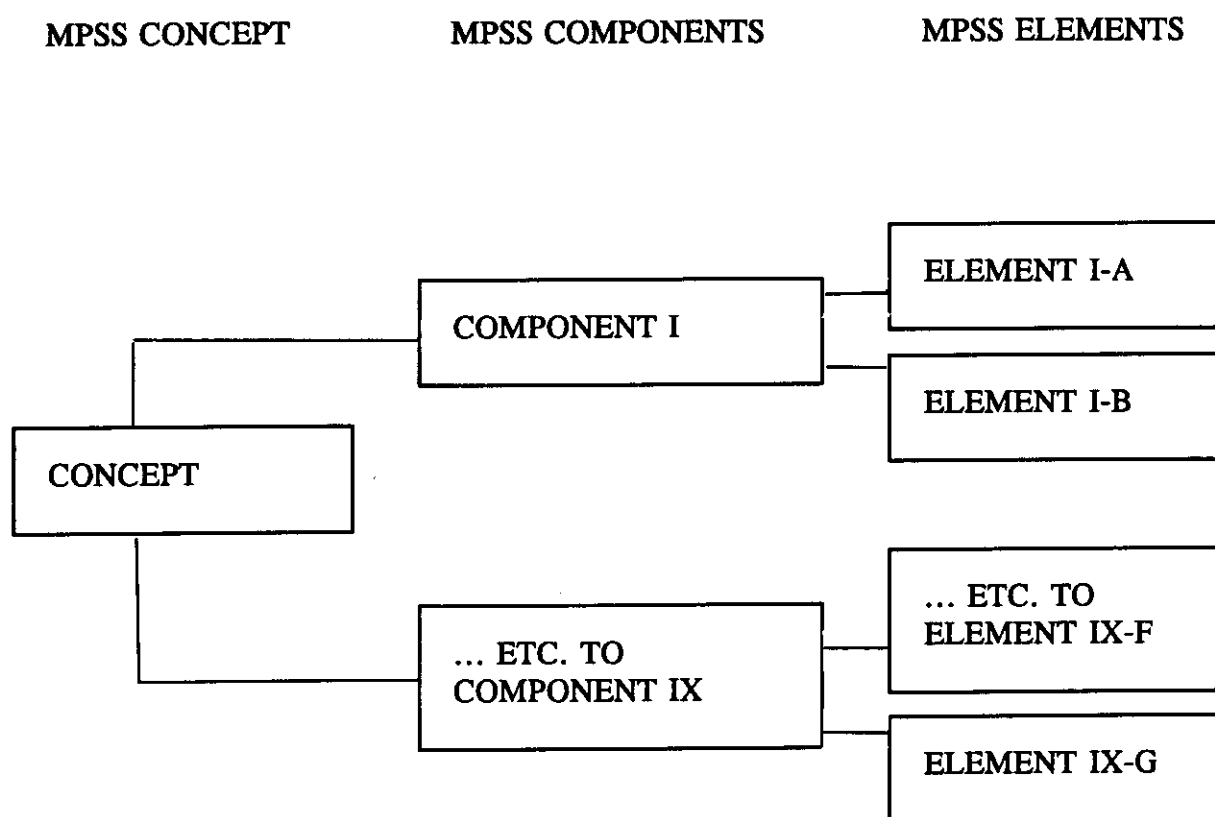


Figure 2. Conceptual Structure of MPSS

### 2.3 Survey of Michigan Consumer Food Product Marketers

A survey of Michigan consumer food product marketers assessed the validity of the MPSS model and provided support for the research propositions. Survey results presented in Chapter 4 satisfy the first objective of the research: To better understand the marketing process as practiced by various consumer food product marketers.

### 2.3.1 Sampling Procedure

The purpose of sampling is to make inferences from the data provided by a small group about the characteristics of the larger group from which the sample is drawn.<sup>13</sup> Two problems with sampling in this research project are apparent. First, consumer food product marketers are a heterogeneous group employing varied marketing practices, business orientations, and operations in a multitude of product categories, geographic locations, and firm sizes. To achieve an unbiased simple random, stratified or cluster sample of these heterogeneous firms requires a much larger sample than was practical for the scope of this study. Second, sampling requires the identification of a sampling frame and it is extremely difficult, if not impossible to identify all consumer food product marketers in the United States or even in Michigan. Many consumer food product firms do not advertise their products or services to consumers. They rely on repeated, direct, local or regional sales to wholesalers or retailers for their business. Likewise food marketing organizations and operations are created or terminated daily or seasonally. Therefore, many of these organizations would be difficult to identify and include in a sampling frame. The proposed solutions presented below do not eliminate these sampling problems, but they satisfy sampling requirements for non-experimental, qualitative, inductive research, the research method used here.

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<sup>13</sup> Gabriel, Richard A. (1975), *Program Evaluation: A Social Science Approach*, New York: MSS Information Corporation, 123.

Sutherland<sup>14</sup> and Znaniecki<sup>15</sup> believe that analytic induction leads to certainty after a few cases and, therefore, sampling is unwarranted. However, because of the heterogeneous nature of the food industry, their method was not adopted for this research project.

Zelditch states that when sampling to acquire information about institutionalized norms and statuses, the assumed qualifications of the data sought are, i) the information sought is general in nature (so everybody involved has the same level of understanding and knowledge), and ii) the information is in some way objective (so personal biases, will not change the nature of the information).<sup>16</sup> It was assumed that standardized general market planning processes of consumer food product marketers exist and therefore Zelditch's sampling perspective was employed for this research project.

The proposed solution to our sampling problem adopted decision criteria for the judgment sampling procedure which would aid the researcher in reducing the sampling problems discussed above. Selection criteria included, among other things: firms from different food product categories, firms employing a variety of marketing practices and business orientations, firms of varying sales volume, and firms which had marketing personnel located in Michigan. According to Lincoln and Guba, "Sampling for maximum variation

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<sup>14</sup> Sutherland, Edwin H. (1939), *Principles in Criminology*, 3rd. ed., New York: J.B. Lippincott Company, 67.

<sup>15</sup> Znaniecki, Florian (1934), *The Method of Sociology*, New York: Farrar and Rinehart, Inc., 249.

<sup>16</sup> Zelditch, Morris, Jr. (1962), "Some Methodological Problems of Field Studies," *American Journal of Sociology*, 67, 572.

is most useful for the naturalistic approach."<sup>17</sup> Therefore, an intentional effort was made in the research study to gather input from consumer food product marketers having varying degrees of a marketing orientation and who used a variety of activities in their marketing processes. Food marketing organizations and operations possessing strong and moderate commodity and marketing orientations were sought to be included in the sample. Similarly, food product marketers employing very specific and detailed marketing plans, and only broad or general market planning activities were desired for inclusion in the sample. Food marketers and processors with sales volumes from small to large were sought to be part of the study. Wide selection of surveyed firms increases the likelihood of confidently generalizing results to most food product categories and firms.

The sampling procedure began by asking academicians familiar with food industry firms for suggestions of appropriate firms as well as knowledgeable and articulate individuals to interview. Twenty-five consumer food product marketers meeting the sampling criteria discussed above were contacted to determine their willingness and ability to participate in the research project. Individuals from thirteen organizations were both willing and able to meet with the research investigator over a three week period.

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<sup>17</sup> Lincoln, Y.S. and E.G. Guba (1985), *Naturalistic Inquiry*, Beverly Hills, CA: Sage Publications. 233.

### 2.3.2 Field Interviewing

Thirteen field interviews to assess the validity and completeness of the MPSS model and to provide support for the research propositions were conducted. Persons who had agreed to be interviewed received three documents and a cover letter confirming the interview time and place, as well as reiterating the interview objectives. Two documents (Appendices D and E) described in further detail the MPSS concept and a third document provided an example of the MPSS framework.

Focused in-depth interviews with probing questions were conducted with these individuals. At the beginning of each interview, the investigator tried to establish rapport with the participant-marketer. The interviews generated information about the marketing activities and processes of the participants, the marketers' uses of MPSS components and elements as well as sources of marketing information and approaches to the marketing process. Interviews began by identifying the marketing activity or MPSS component believed by the marketer to be most vital to each organization's marketing process. Interview participants were queried to determine dimensions of this activity or component, elements of the dimension, sources of information for the component, and approaches which advance knowledge and understanding of this portion of the marketing process. When the investigator felt the most critical component had been discussed in sufficient detail, the interview continued by asking the same questions about the other components of the participant's marketing process and the market planning support

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system. After all components were thoroughly discussed, the investigator asked the marketer if any activities or components of their marketing process were missing from the framework. Marketers were invited to offer any comments or insights on the marketing process or MPSS model that would add to the interviewers' understanding of the marketing process as implemented by practitioners. The interview concluded by thanking the marketer for their time and participation, and asking if they would be willing to clarify any questions that might arise in the future.

In summary, the research method employed in the MPSS study investigated the marketing processes of consumer food product marketers and existing literature on marketing process activities. Although non-experimental, qualitative, inductive research is rare in economics and marketing this method, often used in anthropological and sociological studies, was appropriate for the research problem of this study. The next chapter describes the process used to develop the market planning support system.

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## CHAPTER 3

### DEVELOPMENT OF THE MARKET PLANNING SUPPORT SYSTEM MODEL

This chapter presents the development of the market planning support system model.

Discussion of the initial development process begins the chapter followed by a description of the refinement process and presentation of the MPSS model.

#### 3.1 Development Process of the Initial MPSS

Conceptual discussion of the design and development of the MPSS framework is found in section 2.2. This section will describe the process that culminated in the development of the initial MPSS model.

Development of the initial model began by investigating three alternative approaches to organizing the concepts, components and elements of the market planning process. The first approach used McCarthy's four P's of marketing--product, price, place, and promotion<sup>18</sup>-- as the component level of the conceptual model discussed in section 2.3.2.

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<sup>18</sup> McCarthy, E. Jerome (1981), *Basic Marketing: A Managerial Approach*, 7th ed., Homewood, IL: Richard D. Irwin, 42.

Elements for this approach were developed based upon the researcher's knowledge and previous coursework in marketing and marketing plans. The second approach used seven of Kotler's marketing plan sections as the component level of the conceptual model.<sup>19</sup> Elements were developed based upon the researcher's knowledge. The third approach arose from discussions with academicians. This attempt was labeled a functional approach, due to the division of the marketing process into nineteen components similar to the most common functions of marketing. Elements for this approach were determined in a manner similar to the first two approaches. Each of these approaches, comprising over 200 elements, was evaluated to discern which approach would be most useful given the objectives of the research. Each approach was evaluated on its perceived ability to duplicate the marketing processes as implemented by food product organizations. The functional approach was chosen for further refinement because this approach was assumed as most closely resembling the marketing process of consumer food product marketers.

### 3.2 Refinement of the Initial MPSS Model

The initial functional approach MPSS model was subjected to further evaluation and refinement. Refinement consisted of developing multiple sequential iterations of the initial model which incorporated information from numerous marketing plan sources. Secondary sources of marketing plans were selected from an American Marketing

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<sup>19</sup> Kotler, Philip (1984), 281.



Association marketing plan reference list, business planning literature, new product development literature, and a workbook from an Executive Program on Annual Marketing Plans. Decision criteria for selecting a sample from the literature included, among other things: examples of marketing plans, discussion of the market planning process, and illustrations of the marketing activities associated with marketing plans. Twelve references were chosen as representative of the literature discussing marketing plans. Seventy-one marketing activities listed as parts of marketing plans in these references were analyzed to determine the most frequently mentioned components of marketing plans. A summary of the research findings which indicates the eleven most often cited components is located in Table 1. A complete listing of the results from the twelve secondary sources as well as a list of the references can be found in Appendix A.

Table 1. Most Frequently Cited Components of Marketing Plans

1. Customer and Consumer Product Attribute Analysis
2. Market Size
3. Identification of Principal Competitors
4. Market Definition
5. Sales Growth Trends by Segments
6. Competitor Strength and Weakness Evaluation
7. Market Shares for Firm and Competitors
8. Advertising Effectiveness Evaluation
9. Internal and Competitive Profitability Analysis
10. Packaging Acceptance by Consumers
11. Sales History of Product, 3-5 years

The most frequently mentioned marketing plan components listed in these twelve references were used as a check on the accuracy and coverage of the initial MPSS model.

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Components listed in Table 1 not already employed in the initial model were incorporated into the final MPSS model. Nine 'key' components representing the marketing process make up the final MPSS model. Further discussions with academicians were undertaken to ensure adequate development of the model before finalizing the refinement process. The next section of the chapter will present the market planning support system.

### 3.3 Presentation of the MPSS Model

The MPSS model consists of five situational and four decision-making components. The nine components of the model are believed to be the most vital components of the food product marketing process. 'Key' elements of each component are also included in the MPSS model and are the most specific level of the MPSS which is generalizable to the market planning process for most consumer food products.

#### MARKET PLANNING SUPPORT SYSTEM FOR GROCERY STORE CONSUMER FOOD PRODUCT MARKETERS

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##### SITUATIONAL COMPONENTS

Situational components are used to identify industry and firm trends as well as the existing marketplace environment. These components identify: the external food marketing environment; the marketing situation of the existing product if currently in the marketplace (omitted if not in the market); the product and firm competitive environment;

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the product and packaging attributes of competing products; and the distribution systems of competing products. Information provided by the answers to the following questions will be used in the decision-making components.

I. External Environment Situation

- A) Identify general consumer trends (i.e., lifestyle, demographic, economic, etc.).
- B) Identify general consumer food trends (i.e., changing relative importance of food product categories and types of food consumed, changes in how, when and where foods are consumed, etc.)
- C) Identify general supermarket/grocery store trends (i.e., changing types and formats of stores; changing emphasis on types and categories of food products and how they are merchandised; changes in the number of firms and their operating procedures, etc.)
- D) Identify trends in food packaging, processing and manufacturing (i.e., changes in the numbers of firms and their operating procedures; changing product emphases and marketing approaches; implementation of new production technologies, etc.)

II. Market Situation for an Existing Product (if a product is not currently available in the market, skip this component and continue with Component III).

- A) Develop the 3-5 year annual sales history of the product
  - For the total market in dollar sales and unit sales
  - For major geographic areas in dollar sales and unit sales
- B) Describe current sales, promotion, merchandising and advertising approaches for the product.
- C) Identify percent share of sales and direction of sales trends by major customer accounts and types of retail outlets
  - List of major accounts (i.e., Doe Food Stores, 18% of product sales, upward trend)
  - Type of outlet
    - conventional supermarket (i.e., 68% of product sales, upward trend)

- superstores
- warehouse stores
- convenience store
- etc.

- D) Develop a 3-5 year history of the product's profitability
- Select a measure of profitability such as net operating income as a percent of total investment, net operating income as a percent of total sales, total dollars of profit, etc.

### III. Product and Packaging Attribute Situation

- A) In order to identify strengths and weaknesses of the product and competing products, have customers and consumers subjectively evaluate and rank the products on the following types of attributes:
- appearance (i.e., product color, uniformity of size and shape, visual display, etc.)
  - consistency (i.e., in color, taste, maturity, price, location in store, etc.)
  - convenience (i.e., purchase, storage, preparation, consumption, etc.)
  - freshness (i.e., taste, display, packaging, etc.)
  - nutrition (i.e., calories, fat, carbohydrates, protein, ingredients, etc.)
  - safety (i.e., free from chemical residues, stage of ripeness/maturity, time left on package dating, etc.)
  - taste (i.e., sensory perceptions of sweetness, sour, lack of taste, spiciness, etc.)
  - understanding (i.e., how to purchase, store, prepare, consume, occasion usage, etc.)
  - uniqueness (i.e., from past or other existing products, in flavor, convenience, etc.)
  - variety (i.e., different flavors or sizes, in different store formats, in different regions, etc.)
  - price/value perception (i.e., ordinal ranking of alternatives, etc.)
  - brand or label (i.e., ordinal ranking of alternatives, image of brand or label, etc.)
  - overall image (i.e., prestigious, gourmet, economy, etc.)
  - regional availability (i.e., available in area stores or only in one region of the country)
  - store type availability (i.e., only available in conventional supermarkets, or conventional supermarkets and convenience stores)
  - promotional support needed (i.e., trade beliefs relative to slotting allowances, pricing deals, etc.)
  - advertising support needed (i.e., consumer beliefs relative to product claims, games, deals, etc.)

- home storage requirements (i.e., non-refrigerated, refrigerated, frozen, etc.)
  - reuse characteristics (i.e., portion control, reliable packaging, etc.)
  - handling characteristics (i.e., fragile, semi-fragile, or not fragile product or package, etc.)
- B) In order to identify strengths and weaknesses of the package and competing packages, have customers and consumers, subjectively evaluate and rank the package on the following types of attributes:
- color
  - appeal (i.e., neatness, clarity of graphics, synergy with product use, etc.)
  - convenience (i.e., in storage, preparation, handling, etc.)
  - does the package communicate value (i.e., ordinal ranking of alternatives, etc.)
  - information (i.e., nutritional, storage, preparation, etc.)
  - communication of key product benefits (i.e., through lettering, pictures, graphics, color, etc.)
  - distinction from other product category competitors (i.e., shape, location in store, size, color, etc.)
  - package meets requirements for product protection (i.e., storage, product integrity, preparation, consumption, etc.)
- C) Perform an objective analysis of the product by food scientists or nutritionists on the following types of attributes:
- color
  - nutritional analysis (i.e., calories, protein, carbohydrates, fat, sodium, etc.)
  - taste by trained palate testing
  - shelf stability (i.e., shelf life, freeze-thaw cycles, etc.)
  - distribution requirements (i.e., refrigeration or frozen distribution, short shelf-life, etc.)
  - consistency analysis (i.e., with respect to color, nutritional analysis, taste, etc.)
- D) Perform an objective analysis of the product's retail packaging needs on the following types of attributes:
- product information (i.e., nutritional, product features and attributes, ingredients, etc.)
  - preparation information (i.e., cooking time and temperature, ripeness indicator, etc.)
  - storage and handling information (i.e., cool and dry place, refrigerate, leave on kitchen shelf, etc.)
  - shelf-life (i.e., best if used by dates, etc.)
  - labeling requirements (i.e., USDA/FDA, state and local regulations)
  - identify customer guidelines (i.e., ease of stocking, appropriate labeling, etc.)
- E) Identify customer guidelines for shipping containers
- labeling (i.e., needed on sides not top and bottom, need for scannable labels,

etc.)

- ease of stocking (i.e., retail shelf stocking, warehouse stocking, stacking, etc.)
- pallet fit (i.e., need for standard sized pallets in trucks, warehouse, back of store storage, etc.)

- F) Given the rankings of the subjective analyses, identify the key buying motives for customers.
- G) Given the data collected in the subjective analysis, identify the key buying motives for consumers.

#### IV. Competing Products and Firms Situation

- A) If the product is not an existing product, as identified above, then identify your business by product (i.e., bagged apples).
  - B) Identify industry-wide volume and growth trends for this product.
  - C) Describe industry-wide promotion and advertising programs for the product.
  - D) Identify important product development trends (i.e., improved quality, convenience, consistency, variety, etc.).
  - E) Identify F.O.B. sales prices, retail prices, retail margins for the product. (i.e., \$2.29 for 3 lbs., 40% retail markup)
  - F) Identify competing products (i.e., important substitutes, such as bulk apples, bagged oranges, or pudding snack packs).
  - G) Describe industry-wide volume and growth trends for the substitute products.
  - H) Describe industry-wide promotion and advertising programs for these substitute products.
  - I) Identify important product development trends for substitute products. (i.e., improved quality, convenience, consistency, variety, etc.)
  - J) Identify competitive product retail prices and retail margins.
  - K) Identify leading firms selling competing products.
  - L) Describe competitive firms' apparent size or market share, growth, profitability,
-

target market strategy sales, promotion, in-store merchandising or advertising approaches and strategies.

- M) Identify competitors key success factors.
- innovation (i.e., in technology, in market differentiation, etc.)
  - better quality (i.e., fewer bruises, less shrinkage, better taste)
  - better service (i.e., storage and preparation advice, credit terms, return allowances)
  - more complete product line (i.e., flavors, complementary products, non-related products)
  - price/value strategy (i.e., advertising emphasis on value not on price)
  - etc.

#### V. Distribution Situation

- A) Identify and diagram the distribution system between your firm and consumers indicating types of firms (i.e., brokers, storage operator, wholesale distribution, retailer) as well as transportation linkages.
- B) Identify current sales volume and volume trends for alternative distribution channels (i.e., integrated retail chainstores account for 60 percent of sales and the trend is negative)
- C) Identify important distribution channels and participants for competitive products.
- D) For each appropriate channel, identify the performance and efficiency of each participant in:
- assuring availability of product to targeted customers and consumers
  - distributing the physical product in top condition, if not what are the problems?
  - distributing product with appropriate market coverage (i.e., appropriate customers and consumers)
  - costs incurred, are they as good as they could be?, if not what improvements should be encouraged?
- E) For new products, identify each distribution channel's entrance and use requirements, such as:
- slotting allowances
  - promotion budget
  - deal pricing
  - advertising allowances
  - pricing structures
-

- trade credit
- service level

## DECISION-MAKING COMPONENTS

Decision making components are indicative of the decisions made by consumer food product marketers evaluating new or existing products. These components analyze: market and sales objectives; product and packaging strengths and weaknesses; sales, promotion and advertising requisites; as well as, the production techniques, costs, pricing, and likely profitability from the food marketing functions performed.

Information in the elements assist firms or industries in determining their food marketing objectives and strategies.

### I. Market and Sales Objectives Analysis

- A) Identify target market (or likely consumers) on the following demographic and lifestyle characteristics:

#### Demographic

- age
- household income
- household size
- living environment  
(i.e., central city  
or suburban)
- regional or local location

#### Lifestyle

- family lifestyle stage
- adoption stage of purchaser  
(i.e., early adopter,  
laggard)
- cultural background

- B) Identify annual sales dollar and unit objectives for your product for:
- next year
  - in five years



- C) Identify customers used to reach the target market by:
- store type (i.e., conventional supermarket, superstore, convenience store, etc.)
  - neighborhood location/region (i.e., suburban in Northeast, rural in South, etc.)
  - firm and corporate philosophy (i.e., low prices, speed and convenience in shopping experience, value, etc.)

## II. Product and Packaging Analysis

- A) Investigate opportunities for building upon strengths of the product, retail package and shipping package.
- B) Identify opportunities for correcting weaknesses of the product, retail package and shipping package.

## III. Sales, Promotion and Advertising Analysis

- A) Identify branding/labeling approach to be adopted (review key buying motives section of the product attribute situation).
- national, regional or local brand
  - private label
  - packer (or unsupported) brand
- B) Describe sales program to be used:
- in-house reps (i.e., personal sales versus telephone sales)
  - food brokers (i.e., personal sales versus telephone sales)
  - budget size
- C) Describe promotion program to be used (given the nature of the product, either an existing or new product):
- efforts used to encourage adoption or increase sales of the product at the wholesale/retail level, such as:
    - slotting allowances
    - promotion budget
    - deal pricing
    - advertising allowances
    - pricing structures
    - trade credit
    - service level
  - promotion budget size
-

- D) Describe advertising program to be used (private labelers don't use the approach of direct consumer advertising):
- what is the advertising strategy? (choose a media vehicle(s) and message) (i.e., local radio and informative advertising, etc.)
  - advertising budget size
  - what are the advertising objectives?

#### IV. Production Techniques, Costs, Pricing and Profitability Analysis

- A) Identify vital components of alternative production processes (i.e., equipment, building size, quantity and quality of labor, raw product requirements and supplies, etc.).
- B) Investigate plant size/unit cost relationships for alternative production processes.
- C) Identify opportunities for contract production, their advantages and disadvantages.
- D) Based on answers to A-C, select the production process, vital components, plant size, and identify product unit costs for the selected production process.
- E) Given realities of the marketplace, establish pricing practices and likely product prices. Investigate existence of a pricing leader, average producer selling prices, consider opportunities for price enhancement or the necessity for price reductions.
- F) Determine profit levels of production given the likely price in E and the unit costs in D.
- G) Identify short-run goals for:
- profits (net income)
  - first-purchase or trial usage
  - repeat purchase frequency
  - return on investment

This chapter discussed the development of and presented the final MPSS model. The next chapter will analyze the MPSS model in light of the field interviews and participant discussions.

## **CHAPTER 4**

### **ANALYSIS OF THE MARKET PLANNING SUPPORT SYSTEM MODEL**

This chapter presents the analysis of the market planning support system as developed and presented in chapter 3. Presentation of the research findings begins the chapter and is followed by discussion of the model. Validation of research propositions and a discussion of the uses and users of the MPSS completes the chapter.

#### **4.1 Research Findings**

This section of the chapter presents the results of the field interviews. An introduction begins the section, followed by the presentation of the data collected during the interview process.

##### **4.1.1 Introduction**

This introduction consists of three parts: first, an acknowledgement of the research participants; second, a brief presentation of the recording procedure; and third, a discussion of the use of the survey results. The research findings are the result of 13

field interviews conducted with consumer food product marketers located in Michigan. The research project would not have been complete without the willingness of the participants to share their experiences and understanding of the food product marketing process. The researcher is truly indebted to these dedicated consumer food product marketers. Figure 3 lists the participating marketing firms in alphabetical order.

J.W. Brook's Enterprises, Inc.

Cherry Central Cooperative, Inc.

Coloma Frozen Foods

Gerber Products Company

Hygrade Meats

INARI, Ltd.

Kropf Orchards

Michigan Fruit Cannery

Potato Services

Rocky Top Farms

Tabor Hill Winery

Thorn Apple Valley

Vlasic Foods

Figure 3. Marketing Firms Surveyed

Marketing firms were chosen according to the constraints of the sampling procedure discussed previously in section 2.3.1.

J.W. Brook's Enterprises is a 7-Up bottler located in Holland. It is one of the largest 7-Up bottlers in the country and was included to represent a national branded beverage product.

Cherry Central Cooperative, Inc. is the largest processor of cherries in the country with plants in Utah and Michigan. They are headquartered in Traverse City and market packer-branded consumer applesauce products as well as institutional cherry and blueberry products.

Coloma Frozen Foods in Millburg is a processor of fruit salads and vegetable products for consumers. They distribute packer branded potato, onion, cheese and fruit products in the Great Lakes region as well as in Iowa.

Gerber Food Products, located in Freemont, is the world's largest manufacturer of baby food products. Their food products are sold under the Gerber label.

Hygrade Meats, located in Southfield, is the second largest U.S. marketer in the processed meats category. They produce hot dogs, smoked sausage, hams, luncheon meats and bacon under the Hygrade, Ball Park and Grillmaster brands.

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INARI, Ltd., located in Mason, is a manufacturer of processed soy nut products. They produce consumer as well as institutional food products under the Super Soys brand.

Kropf Orchards, located in Lowell, is the largest apple shipper in Michigan. They distribute their product under a packer brand.

Michigan Fruit Cannery, located in Benton Harbor, is the largest packer of canned fruit, pie filling, and nacho cheese topping in the country under the Thank You and Wilderness national consumer brands. They have recently merged with Comstock, the second largest canner in the United States.

Potato Services, located in Edmore, is a large fresh potato shipper. They distribute their product under a packer brand.

Rocky Top Farms, located in Atwood, is a processor of restaurant and consumer food products. They also operate a large jam and preserves mail-order business using the Rocky Top label.

Tabor Hill Winery, located in Buchanan, is a wine-making and marketing business. They sell wine through a taste-testing room and restaurant as well as through distributors located in Michigan under the Tabor Hill brand.

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Thorn Apple Valley, located in Southfield, is a large processed meat manufacturer. They process and market hot dogs, hams, bacon, smoked sausage and luncheon meats under the Thorn Apple Valley and Colonial brands.

Vlasic Food, located in W. Bloomfield, is a marketer of pickles, olives, gravies and soups under the Vlasic and other brand labels.

A marketer was recorded as using a component if they responded positively to any element included in the component. Therefore, a marketer investigating only one element in a component was recorded equally, at the component level, to a marketer who investigated all the elements of a component. A marketer was recorded as using an element if their description of how they went about investigating a component included a reference to the element or part of an element. Marketers' use of an information source or facilitating approach was recorded at the same time as the recording of the elements investigated by the marketer.

Interview results were used to validate the MPSS model. The interview procedure discussed earlier did not attempt to record interview findings in the 'framework' of the interviewee, but rather in the MPSS 'framework'. Interviews were conducted as described in section 2.3.2. Interviews progressed smoothly with the consumer food product marketer discussing at length the components and dimensions of their marketing process. Researcher response during the interviews consisted mostly of: identifying a

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MPSS component, asking the interviewee to describe their use and depth of investigation into this component, asking for clarification of the elements of the component, and probing to discover the information source or facilitating approach for the particular component. Interviews were conducted in a friendly atmosphere with no perceived apprehension of the discussion by the respondents. The interview was not an activities checklist, question-and-answer session, but was conducted as a discussion of the procedures and methods which the interviewee implemented in his or her organizations' marketing processes. Only two of the interviewed marketers made suggestions for improving the MPSS model. Their comments are presented in sections 4.1.2.1 and 4.1.2.6. Interview participants expressed their pleasure in being able to assist in this research after the interview. Interviewees also expressed a willingness to provide additional information or clarification if needed in the future. Given the interview atmosphere and discussions with food marketers, the quality of the interview findings was judged to be satisfactory for the exploratory purposes of the research.

#### 4.1.2 Research Findings

Discussion of research findings will proceed component by component. Each component's discussion will be divided into its elements to present a more detailed report of the findings. After each component's findings, a short discussion will be presented of the sources of information for the components' elements, the approaches which facilitate knowledge and understanding of the MPSS component, and the depth of component

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analysis by respondents.

Presentation of the research findings uses two approaches for a more detailed reporting of the results. The first approach is to present the results of the interviews in an aggregated format to generalize the results across consumer food product marketers. The second approach is to divide the surveyed firms into two categories which would provide additional insight into the research results. Three methods of categorization were investigated. First, division into groups of sophisticated versus unsophisticated marketers has a negative connotation and, therefore, this method was dismissed. Second, division into groups of primarily commodity-oriented versus primarily marketing-oriented food marketers was analyzed. Neither of these labels has negative implications; however, because of the firm's surveyed, difficulty arises in making sharp distinctions between these categories. Third, division into groups of small versus large firms was examined. Labels do not raise any concerns here, however, distinction between small and large firms has many interpretations. Is a small firm one whose annual gross dollar sales are under \$15 million, or is a large firm one whose sales place it in the top ten firms in the industry? For some product categories, sales figures would be virtually impossible to obtain for all firms. Because the small-versus-large distinction appeared to pose more problems for firm categorization, the commodity-oriented versus marketing-oriented categorization will be used in this research project to aid in a more detailed reporting of the interview results.

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Interview response bias, inherent in human subject research, was not perceived as a problem in this research project for two reasons. First, interviews with individuals in many different consumer food product organizations and product categories were used to isolate and compensate for biases arising from the use of a very small sample or organizations within a single food product industry. Interviews were of such general nature that no marketer perceived any encroachment upon their proprietary information. Inductive research with only a single subject can be either unconsciously or consciously biased by the respondent or researcher. Interviewing many subjects and reporting aggregated results can diminish the effect of individual biases. Second, the phenomenon under investigation, the marketing process, is known and understood by most consumer food product marketers, although depth of understanding varies widely among marketers. This array of understanding and knowledge, as well as seeking interviews in many food industries, reduces interview results consciously biased by marketers who would choose not to reveal their marketing process activities.

#### 4.1.2.1 Component I: External Environment Situation

This component is used in some manner by all of the marketers as illustrated in Figure 4.

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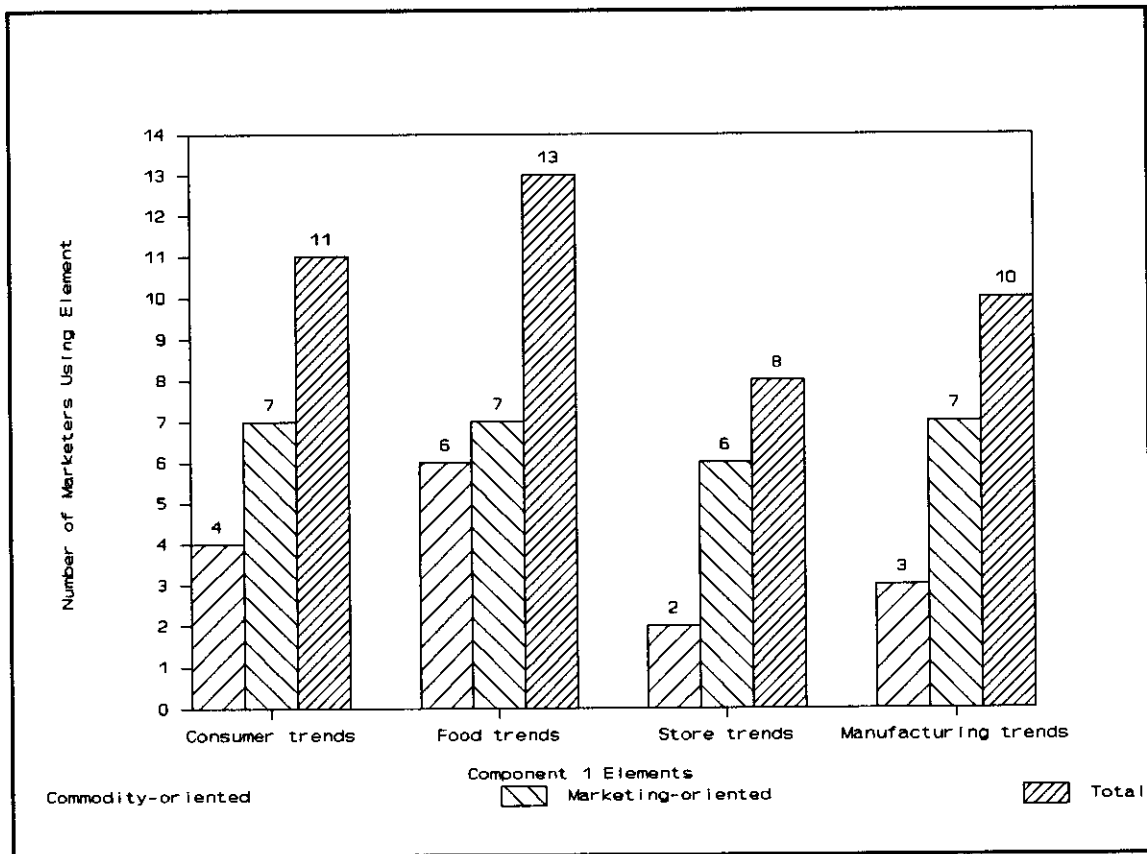


Figure 4. External Environment Element Usage

#### 4.1.2.1.1 General Consumer Trends

General consumer trends are used by eleven of the surveyed marketers in their marketing processes. Only two of the commodity-oriented marketers do not investigate general consumer trends, otherwise, all the marketers find this element valuable.

#### 4.1.2.1.2 Consumer Food Trends

Consumer food trends are investigated by all the marketers who participated in the research project.

#### 4.1.2.1.3 Supermarket Store Trends

This element is used by eight of the thirteen marketers interviewed. Two of six commodity-oriented and six of seven marketing-oriented marketers investigate supermarket and grocery store trends.

#### 4.1.2.1.4 Food Packaging, Processing and Manufacturing Trends

Food packaging, processing and manufacturing trends are investigated by ten of the marketers in the research survey. Three commodity-oriented and all marketing-oriented marketers analyze these manufacturing trends.

When investigating the elements of this component, commodity-oriented marketers often use trade associations, as well as trade and university publications as their sources of general consumer-trend information. Marketing-oriented marketers, however, typically use market research firms, advertising agencies and internal market research departments to provide this type of information.

Analysis of the elements by commodity-oriented marketers tends to be on an aggregated product category level due in part to their sources of consumer information. For example, domestic per capita ice cream consumption may be reported as tending downward, using aggregated data from the United States Department of Agriculture (USDA). Commodity-oriented marketers are likely to use this relatively inexpensive source of information as a benchmark for their depth of analysis into per capita

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consumption. Commodity-oriented marketers are unlikely to search further, because of the time and expense required, for more detailed analyses of consumption patterns. Marketing-oriented marketers are likely to use the USDA data along with purchased market research data. Market research data can, for example, reveal that while the overall product category trend is down slightly, high fat content (18+ %) and low overrun ice cream ("gourmet") sales are increasing significantly, novelty sales (that is ice cream bars, popsicles, etc.) are tending upward, and moderate fat content (12-14%) and high overrun ice cream sales dropped significantly. Marketing-oriented marketers use aggregated data as do commodity-oriented marketers to reveal trends about the entire product category. Marketing-oriented marketers use more detailed and disaggregated market research data to explore specific changes which underlie the aggregated product category data. Additional depth of analysis by the marketing-oriented marketer aids in making more accurate and probably more successful decisions concerning entry into or exit from consumer food product categories.

One marketing-oriented marketer suggested that an element for government regulation be included in this component because of the many mandatory compliance regulations faced by consumer food product marketers.

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#### 4.1.2.2 Component II: Market Situation for an Existing Product

This component is extensively used by all the marketers as shown in Figure 5.

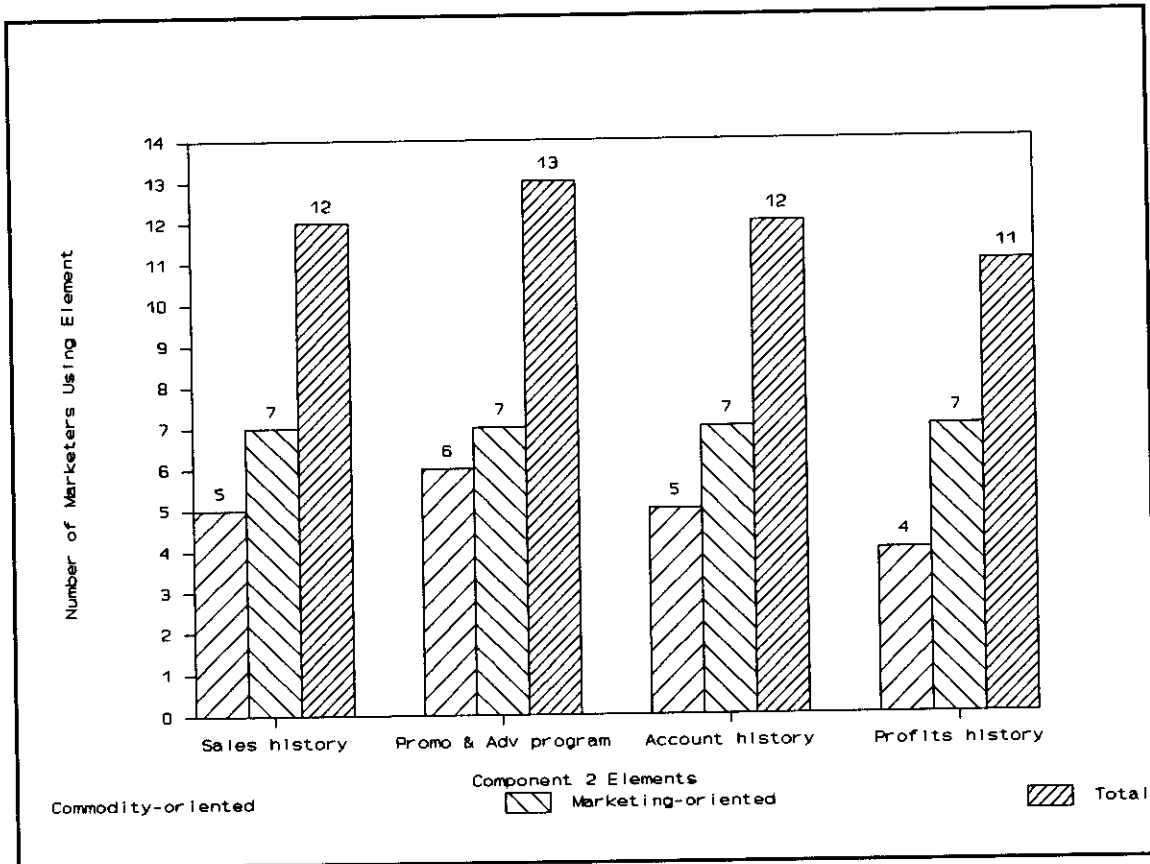


Figure 5. Existing Product Market Element Usage

##### 4.1.2.2.1 Annual Sales History, 3-5 Years

Annual product sales histories are used by twelve of the surveyed marketers. Only one commodity-oriented marketer did not track the past sales history of his or her company's product.

#### 4.1.2.2.2 Current Sales, Promotion and Advertising Approaches

All of the interviewed marketers investigated and can describe the sales, promotion and advertising approaches for their existing products.

#### 4.1.2.2.3 Account Sales History

Twelve of the thirteen marketers use historical account sales data when they are involved in the marketing process. One commodity-oriented marketer did not use this element.

#### 4.1.2.2.4 Profitability History, 3-5 Years

Historical profitability of existing products is investigated by eleven of the surveyed marketers. Two-thirds of the commodity-oriented and all marketing-oriented marketers watch their product's profit trends.

When analyzing these elements, commodity-oriented and marketing-oriented marketers identify their sales and profit histories with similar detail from previous financial records. However, when looking at sales, promotion or advertising programs, commodity-oriented marketers usually use one or possibly two promotional approaches, whereas marketing-oriented marketers are likely to use all three approaches simultaneously.

Sales histories of commodity- and marketing-oriented marketers are examined on both dollar and unit bases, while profit histories are evaluated on a dollar or percentage basis.

Divergence in the depth of analysis of the market situation for existing products is

obvious only when discussing sales, promotional or advertising approaches. Commodity-oriented marketers interviewed seldom use consumer advertising programs as part of their marketing process. Commodity-oriented marketers infrequently determine the effectiveness of their sales or promotion programs. Commodity-oriented marketers realize that sales and promotional programs are important, however, they possess neither the time nor the resources to determine a more optimal level of these programs. Marketing-oriented marketers realize the benefits from thorough analysis of sales, promotion and advertising programs. These marketers use advertising and promotional agency research as well as their own internal market research in determining the frequency, timing and type of communication program(s) to adopt during any given period. Changing the level of one of these programs and then measuring the sales response gives the marketing-oriented marketer vital information on the effectiveness of the programs and assists in moving toward maximizing the return on invested marketing dollars.

#### 4.1.2.3 Component III: Product and Packaging Attribute Situation

This component is used by all the marketers as shown in Figure 6.

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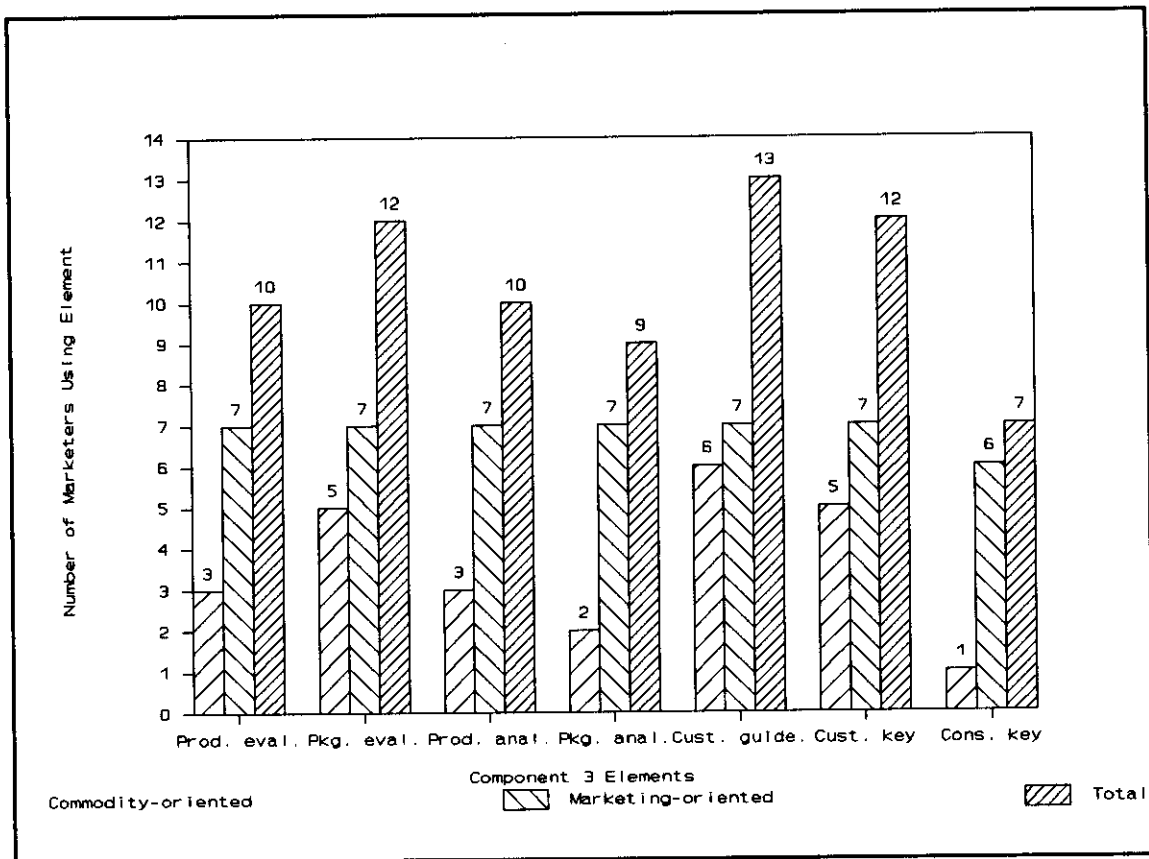


Figure 6. Product and Packaging Element Usage

#### 4.1.2.3.1 Subjective Product Evaluation

Subjective product evaluations are used by ten of the thirteen marketers interviewed. All marketing-oriented and half of the commodity-oriented marketers conduct subjective consumer and customer product evaluations.

#### 4.1.2.3.2 Subjective Package Evaluation

Twelve of thirteen marketers surveyed analyze subjective evaluations of their packaging. Only one commodity-oriented marketer does not ask consumers or customers for a

subjective evaluation of the packaging.

#### 4.1.2.3.3 Objective Product Evaluation

Objective product evaluations are used by ten of the interviewed marketers. Three commodity-oriented and seven marketing-oriented marketers analyze objective evaluations of their products.

#### 4.1.2.3.4 Objective Package Evaluation

Nine of the surveyed marketers have their packages objectively evaluated. All marketing-oriented and one-third of the commodity-oriented marketers include objective evaluations of their products' packaging as part of their marketing processes.

#### 4.1.2.3.5 Customer Guidelines for Shipping Containers

This element is investigated by all the marketers in the survey.

#### 4.1.2.3.6 Customer Key Buying Motives

Twelve of thirteen marketers surveyed use this element in their marketing processes. One commodity-oriented marketer does not determine customers key buying motives.

#### 4.1.2.3.7 Consumer Key Buying Motives

This element is used by seven of the thirteen marketers interviewed. One commodity-oriented and six of seven marketing-oriented marketers analyze their consumers' key

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buying motives.

Commodity-oriented marketers typically base the analysis of these elements on their personal contact with few consumers, customers, friends or relatives. Commodity-oriented marketers also develop new products or packages as well as change existing product and package offerings based on the responses of a very small sample. However, commodity-oriented marketers are likely to have day-to-day contact with their 'actual' customers and consumers. Commodity-oriented marketers are unable to spend time collecting market research data at regular intervals and most do not ask their customers or consumers for a very detailed analysis of their products' package, or key buying motives. These marketers rather, base their analyses on general or broad comments they have solicited from a small number of their customers or consumers. Therefore, the depth of analysis by commodity-oriented marketers is shallow in comparison to the analysis that could potentially be undertaken.

Marketing-oriented marketers often use quantitative and statistically significant attribute-level data purchased from market research firms or provided by internal market research departments. Marketing-oriented marketers are less likely to have daily contact with their customers or consumers, although toll-free consumer information numbers on packages would seem to increase the chance of daily contact. Marketing-oriented marketers cannot justify contact with all of their consumers, therefore, they are forced to use sampling procedures to infer data from smaller groups to their customers and consumers. Depth of

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analysis by these marketing-oriented marketers is extremely detailed. Evaluation of products and packaging identifies for the marketer attributes and images valued most by customers as well as consumers. Marketing-oriented marketers use this detailed knowledge in developing highly effective promotion and advertising programs as well as new product concepts. Again, as in Component I, the thoroughness of the marketing-oriented marketers analysis has not only identified the general trend but has revealed the changes which underlie the trend. This level of knowledge and understanding increases the probability of correct and successful decision making by management.

#### 4.1.2.4 Component IV: Competing Products and Firms Situation

This component is used in some manner by all the marketers as illustrated in Figures 7, 8 and 9.

##### 4.1.2.4.1 Identification of Business

This element is used by all the surveyed marketers.

##### 4.1.2.4.2 Industry Volume and Growth Trends

Eleven of the thirteen marketers interviewed investigate and have knowledge of industry growth trends. Two-thirds of the commodity-oriented and all the marketing-oriented marketers use this element in their marketing processes.

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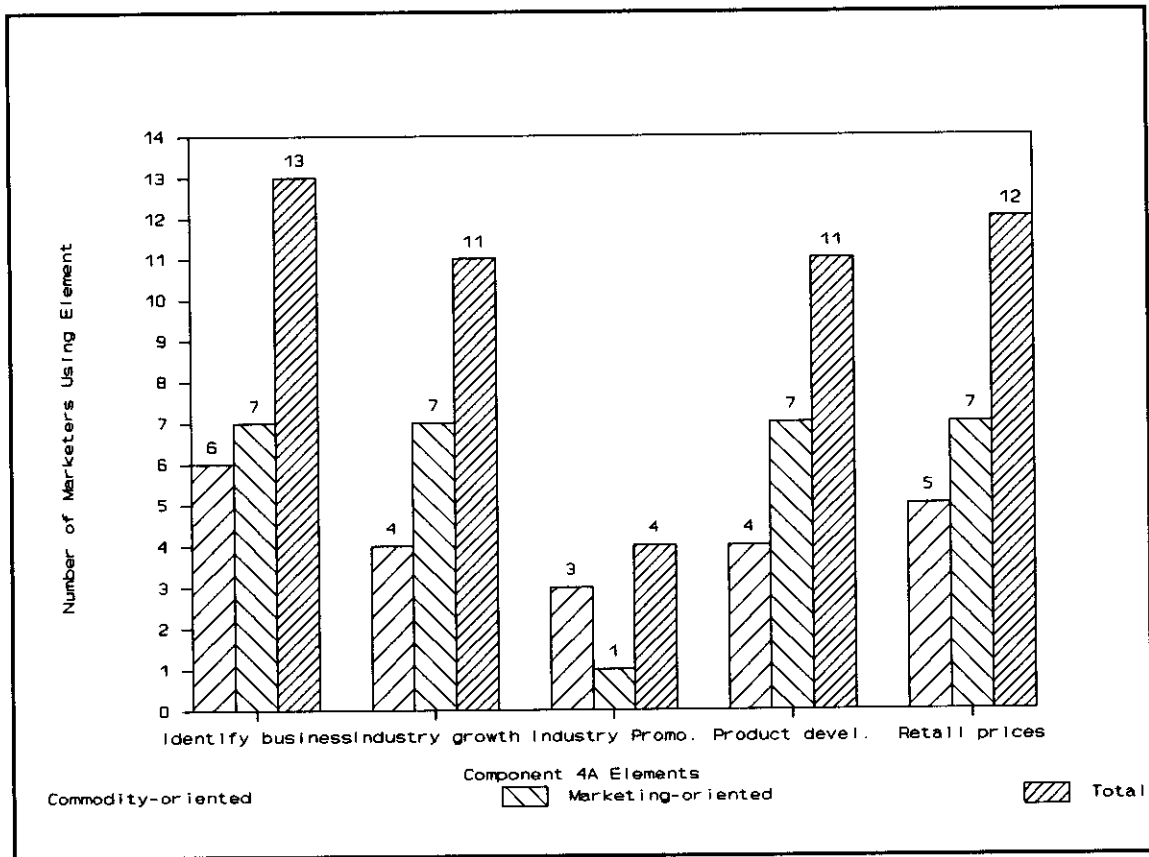


Figure 7. Product Market Element Usage

#### 4.1.2.4.3 Industry Promotion and Advertising Programs

This element is used by four of the thirteen marketers surveyed. Three commodity-oriented and one marketing-oriented marketer operate in industries with industry-wide promotion and advertising programs.

#### 4.1.2.4.4 Product Development Trends

This element is investigated by eleven of the interviewed marketers. All marketing-oriented and two-thirds of the commodity-oriented marketers analyze new product

development trends in their industries.

#### 4.1.2.4.5 Retail Prices

Twelve of the thirteen marketers surveyed have knowledge of the retail prices and price margins for their industries. Only one commodity-oriented marketer did not possess this information.

#### 4.1.2.4.6 Identification of Competing Products

All the marketers interviewed investigate and have knowledge of the identity of competitive products.

#### 4.1.2.4.7 Competitive Product Industry Growth Trends

Twelve of the surveyed marketers use this element. Five commodity-oriented and seven marketing-oriented marketers investigate the sales growth trends of competitive product industries.

#### 4.1.2.4.8 Competitive Product Industry Promotion and Advertising

Only three of the surveyed marketers investigate the promotion and advertising programs of competitive product industries. One commodity-oriented and two marketing-oriented marketers use this element in their marketing processes.

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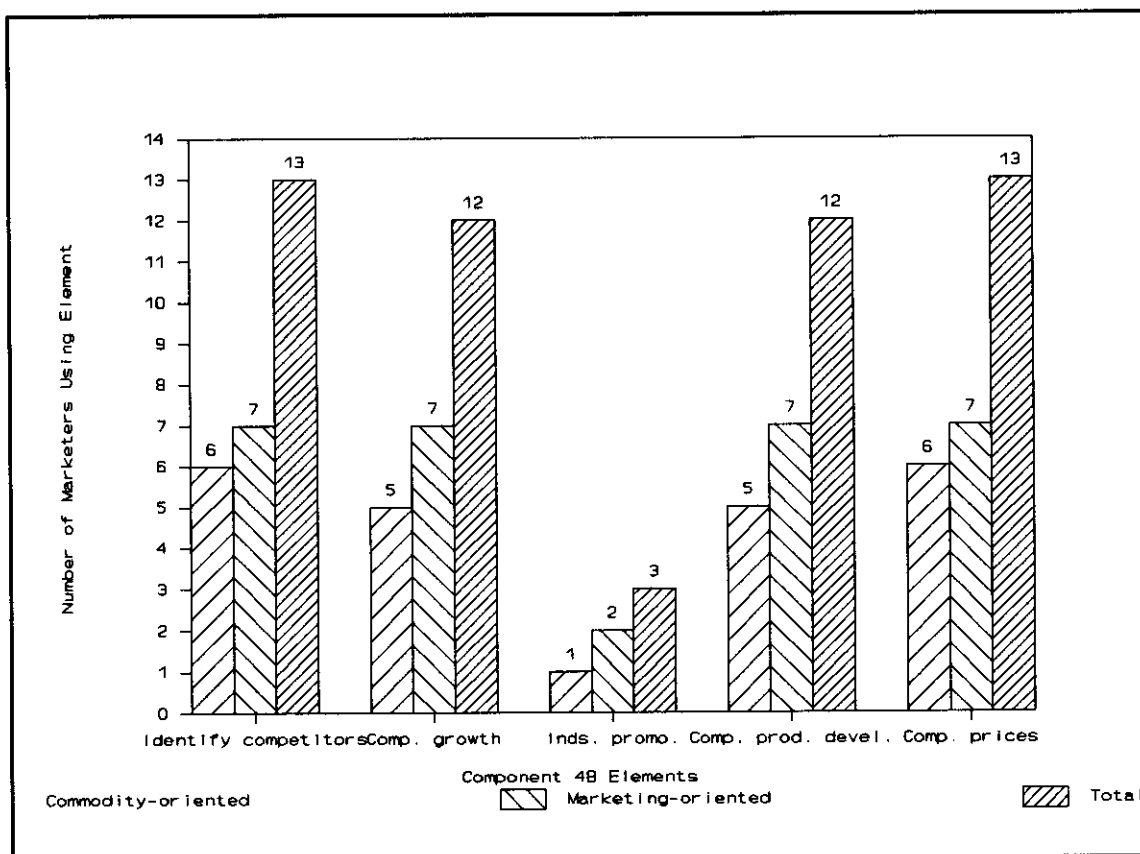


Figure 8. Competitive Product Element Usage

#### 4.1.2.4.9 Competitive Product Development Trends

This element is investigated by twelve of the surveyed marketers. All of the marketing-oriented and five of the six commodity-oriented marketers analyze trends in competitive new product developments.

#### 4.1.2.4.10 Competitive Product Retail Prices

All thirteen of the marketers surveyed investigate competitive product retail prices.

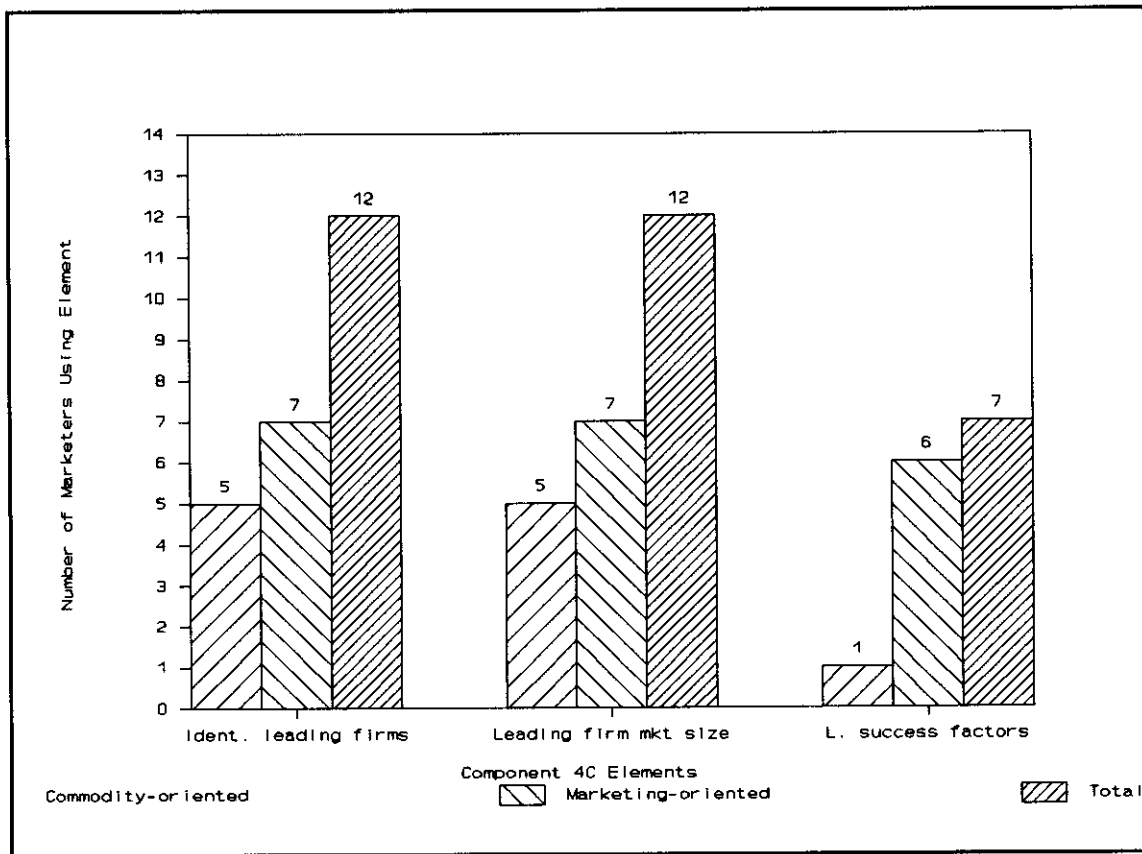


Figure 9. Leading Competitive Firm Element Usage

#### 4.1.2.4.11 Identification of Leading Competitive Firms

Twelve of the marketers surveyed use this element. All marketing-oriented and five of the six commodity-oriented marketers identify firms which sell competitive products.

#### 4.1.2.4.12 Leading Competitive Firm Size

This element is investigated by twelve of the thirteen marketers interviewed. Five of six commodity-oriented and all marketing-oriented marketers identify the market share size of leading competitive firms.



#### 4.1.2.4.13 Leading Competitive Firm Success Factors

Seven of the marketers surveyed use this element. One of six commodity-oriented and six of seven marketing-oriented marketers identify the key success factors of their competitors.

Commodity-oriented marketers use aggregated sources of data in analyzing these elements. For example, some produce marketers know the industry volume and growth trends for a particular fresh produce product. However, some of the same produce marketers do not know the industry volume and growth trends for the same product separated into 3 lb. bags, 5 lb. bags and bulk, nor do they know how to find this specific data. Commodity-oriented marketers are unlikely to view products outside of their industries as competitive. For example, potato marketers may not view rice, bread stuffing or other vegetable products as competitive, when these products frequently compete for the same space on a consumers plate. Commodity-oriented marketers are aware of competitors in the markets in which they operate, however, they tend not to be aware of competitors who exist in other regions of the country. Commodity-oriented marketers usually identify the key success factor of competitors as low price. In using aggregated sources of data, the commodity-oriented marketer is hindered in making more accurate and knowledgeable decisions. Commodity-oriented marketers read about the general trends of an industry and its competitors in trade publications but often this is the extent of the marketers' analyses of this component.

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Marketing-oriented marketers, in general, use very product specific and disaggregated data in identifying and tracking competitive products and firms. These marketers know exact volume and growth rates of every competitor in their product categories. Most of this information is purchased from outside market research firms or agencies. Marketing-oriented marketers, due to their more detailed examination of general consumer trends, are likely to be aware of products which compete with their products from outside of the product category. In general, because of their size and multi-regional coverage, marketing-oriented marketers have the time, incentive and personnel to make these analyses. Detailed and thorough analyses of the industry and competitors by the marketing-oriented marketers aid them in developing defenses for threats inherent in the market. Marketing-oriented marketers, due to their depth of analysis can identify for example, the general consumption trends of potatoes, as well as the trends for 3-lb., 5-lb., bulk, Russet, Golden and other segments of the potato market; white rice; wild rice; and other competitive products. This level of analysis assists the marketing-oriented marketer in making more knowledgeable and probably more successful business decisions.

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#### 4.1.2.5 Component V: Distribution Situation

This component is used to some extent by all the marketers as shown in Figure 10.

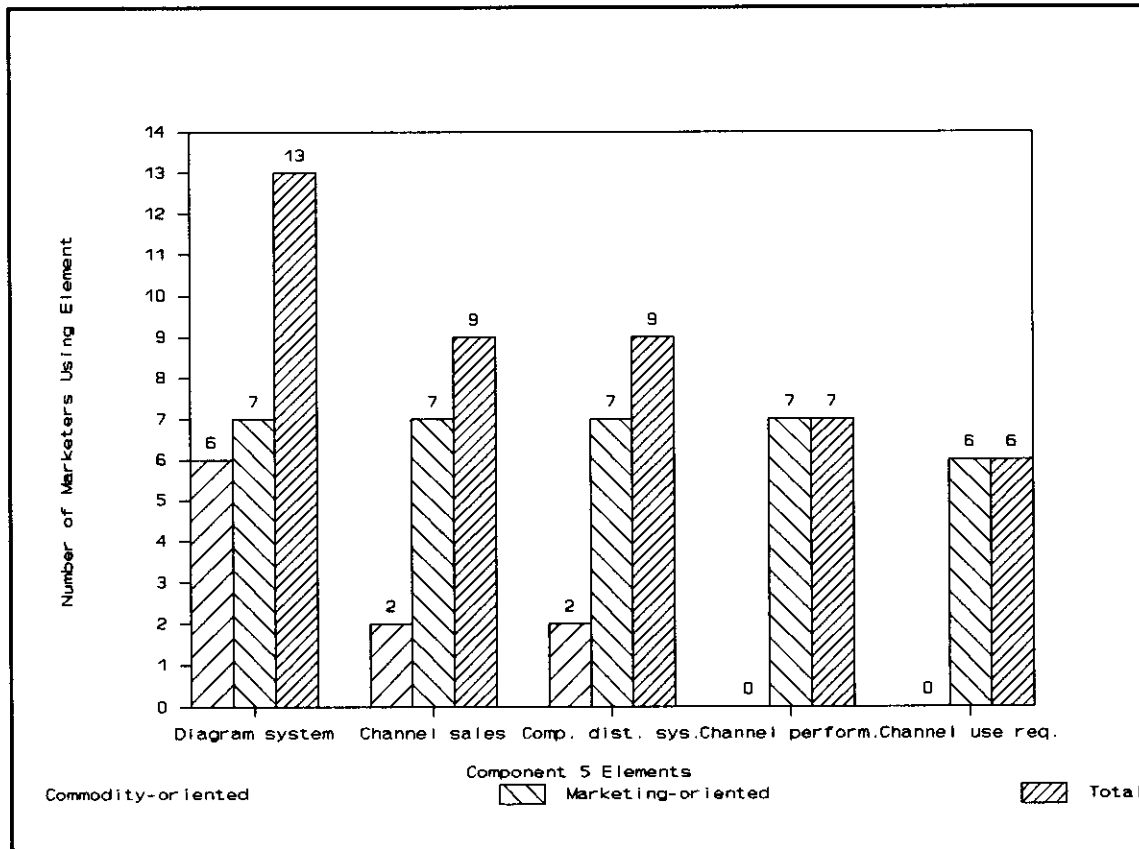


Figure 10. Distribution Element Usage

##### 4.1.2.5.1 Distribution System Diagram

All the marketers who participated in the research project can identify and diagram their own distribution systems.

#### 4.1.2.5.2 Alternative Distribution Channel Sales

Nine of the thirteen marketers surveyed use this element in their marketing processes.

All marketing-oriented and one-third of the commodity-oriented marketers evaluate the sales volumes and trends of distribution channels other than the channels they have adopted.

#### 4.1.2.5.3 Competitive Products Distribution Channels

This element is used by nine of the interviewed marketers. Two of six commodity-oriented and all marketing-oriented marketers identify the important distribution channels of competitive products.

#### 4.1.2.5.4 Distribution Channel Performance

This element is investigated by seven of the surveyed marketers. All marketing-oriented and none of the commodity-oriented marketers appraise the performance and efficiency of each participant in their distribution systems.

#### 4.1.2.5.5 Distribution Channel Requirements

This marketing process element is used by six of the thirteen marketers interviewed.

None of the commodity-oriented and six of seven marketing-oriented marketers identify the distribution channel entrance and use requirements for new products.

Commodity-oriented marketers use their own knowledge to illustrate the distribution

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system. Commodity-oriented marketers often rely on trade or university publications to identify the volume and importance of alternative as well as competitive distribution channels. Commodity-oriented marketers rely on aggregated data when analyzing this component and its elements. Aggregated data (per capita or million pounds) identify changes in trends, however, they fail to identify the causes for the changes. Because of the brief investigation of the distribution system by commodity-oriented marketers, they typically are unaware of the reasons for changes or the existence of threats in the distribution system.

Marketing-oriented marketers, in general, rely on their own sales data as well as purchased market research data to examine distribution elements. Sales and market research data often identify wholesalers and retailers through which products pass. Marketing-oriented marketers can determine on a unit basis the volume flowing through each channel, using internal as well as purchased outside data. Analysis of this data reveals opportunities as well as threats which exist in the distribution system. Marketing-oriented marketers, due to this in-depth analysis, are able to position themselves to take advantage of channel changes which may occur in the future.

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#### 4.1.2.6 Component VI: Market and Sales Objectives Analysis

This component is used in some manner by all the marketers as depicted in Figure 11.

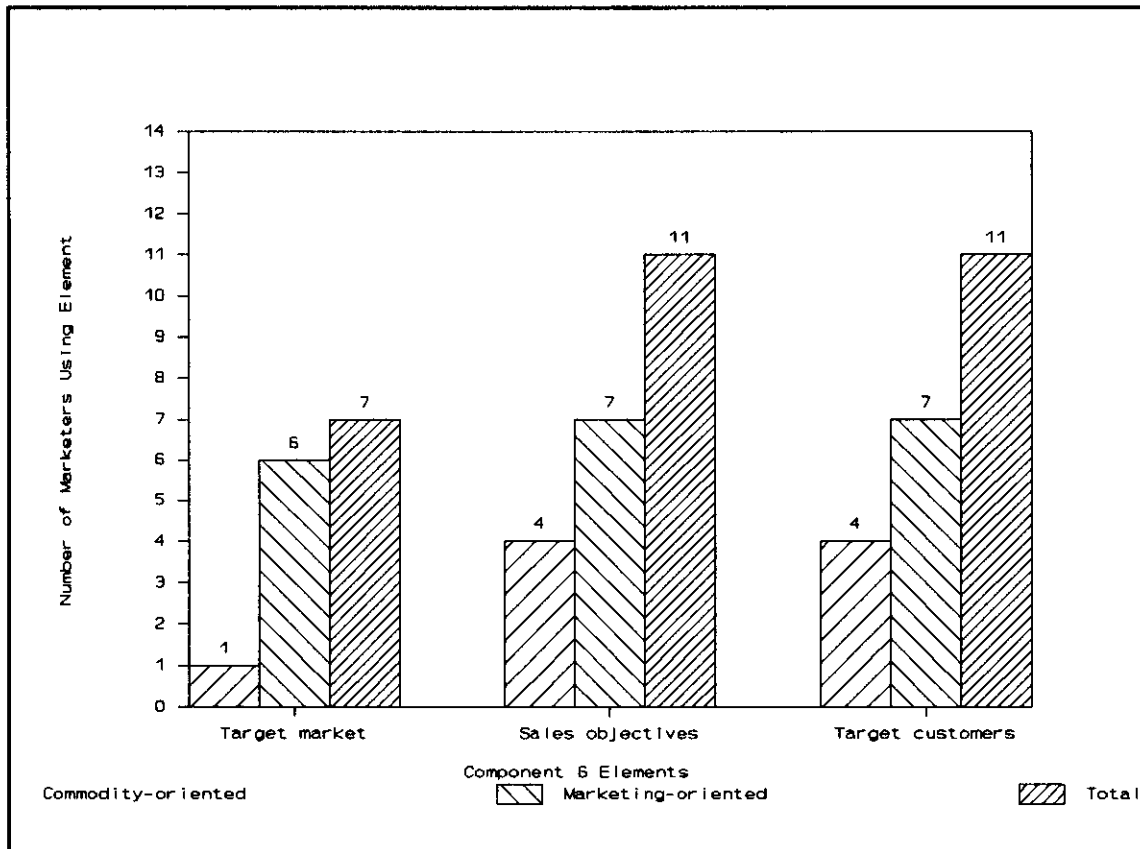


Figure 11. Market and Sales Element Usage

##### 4.1.2.6.1 Identification of Target Market

This element is used by seven of the surveyed marketers. One commodity-oriented and six marketing-oriented marketers identify target markets using demographic or lifestyle characteristics.

#### 4.1.2.6.2 Identification of Sales Volume Objectives

Eleven of thirteen marketers surveyed investigate this element as part of their marketing processes. Two-thirds of the commodity-oriented and all marketing-oriented marketers determine dollar sales and unit objectives for one to five years into the future.

#### 4.1.2.6.3 Identification of Customers

This element is investigated by eleven of the thirteen interviewed marketers. Four of the commodity-oriented and all marketing-oriented marketers identify customers to distribute their products to their target consumers.

Commodity-oriented marketers use their historical sales data as well as trade and university publications as their major source of market and sales data. Analysis of these market and sales objectives by commodity-oriented marketers is brief. Due to a lack of analysis of the product evaluation as well as customer and consumer key buying motive elements, commodity-oriented marketers have little specific data to aid them in analyzing these market and sales elements. Because sources of information are of a broad or aggregated nature, any analysis which uses this data must itself be of a broad or aggregated nature. Often the target market objective of a commodity-oriented marketer will be anybody who will purchase the product, and the sales objective is higher gross sales than the last year (not accounting for inflation). These are not very specific objectives, but often they are the best commodity-oriented marketers can do because of the depth of information in their possession.

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In analyzing these elements, the marketing-oriented marketer uses quantitative data purchased from outside market research firms or generated by internal market research departments. Focus groups, taste panels and other means of soliciting the likes and dislikes of consumers are also useful in identifying the demographic characteristics of consumers who desire the new product. This depth of analysis can help the marketer in developing advertising programs which reach the targeted audience effectively with the proper message to encourage product purchase. This level of analysis assists the marketer in getting a greater response from every marketing dollar invested in a product.

One marketing-oriented marketer suggested that an element about firm's 'orientation' or 'focus' be included in this component. The respondent felt this focus should be an overriding concern of the entire company from maintenance personnel to top management.

#### 4.1.2.7 Component VII: Product and Packaging Analysis

This component is used heavily by all the marketers as shown in Figure 12.

##### 4.1.2.7.1 Product Opportunities

Twelve of the thirteen marketers interviewed investigate opportunities for building upon the strengths of their existing products. One commodity-oriented marketer does not use

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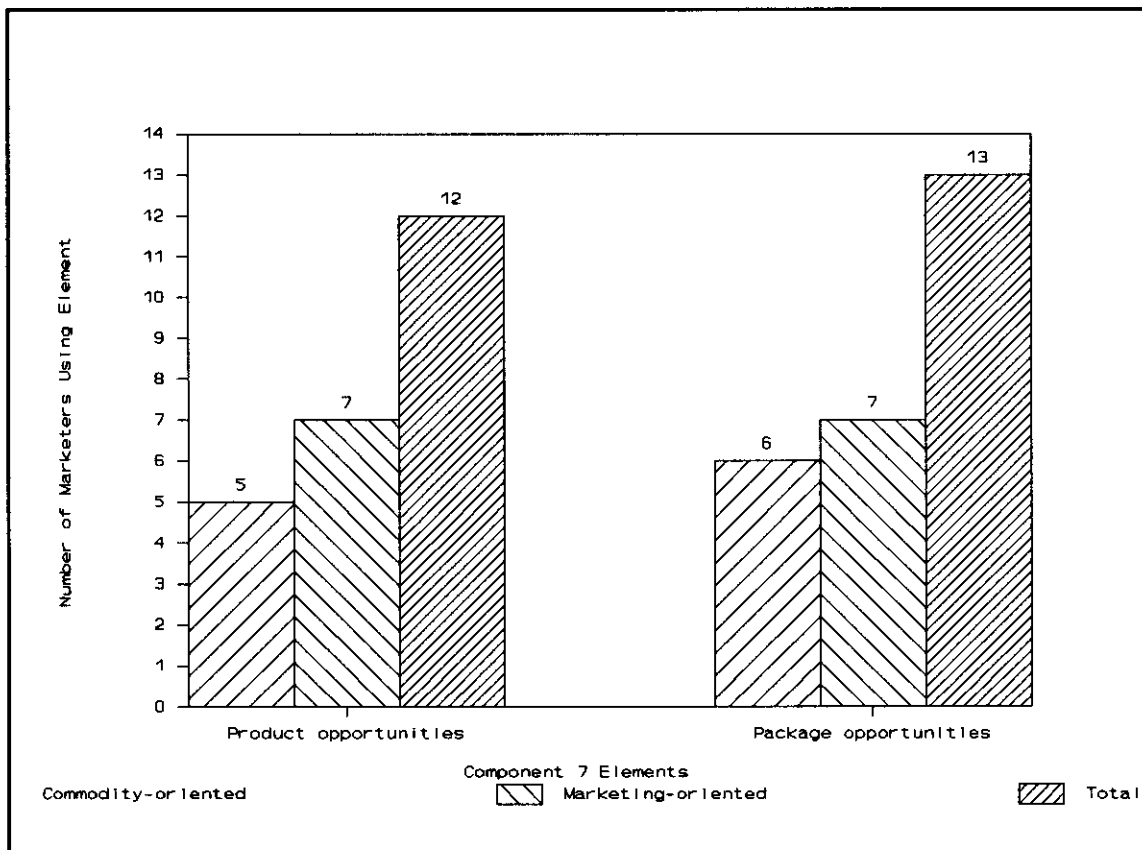


Figure 12. Product Analysis Element Usage

this element in their marketing processes.

#### 4.1.2.7.2 Packaging Opportunities

All the marketers surveyed identify opportunities for correcting the weaknesses of their existing package.

Commodity-oriented marketers often guess at product and packaging strengths and weaknesses because they base their awareness of a strength or weakness on an extremely

small sample of customers or consumers. Commodity-oriented marketers' depth of analysis of this component is superficial. Because of the previous lack of thorough analysis of components related to the product or package, analysis of this component must necessarily be shallow. Feedback from one or two customers, friends or relatives on product or packaging attributes cannot be considered as a detailed analysis. When a commodity-oriented marketer asks a consumer if he or she likes a product, the consumer aggregates taste, color, appeal, and other attributes under the term 'like,' therefore losing the detail which they could have captured with a more thorough investigation.

Marketing-oriented marketers, however, allocate large amounts of resources to soliciting a large number of customer and consumer evaluations. Consumer evaluation feedback comes from internal or private market research while customer evaluations often are relayed to the marketer from the sales force or the customers' procurement personnel. Hundreds of consumer responses to very specific questions gives marketing-oriented marketers a basis for very detailed analyses of product and packaging opportunities. Consumer responses to the size, shape, color, consistency and flavor of a product are very useful for developing new products, making changes to existing products or for developing advertising programs. Consumer responses give marketing-oriented marketers detailed knowledge which can lead to more accurate and probably more prosperous business decisions.

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#### 4.1.2.8 Component VIII: Sales, Promotion and Advertising Analysis

This component is used by all the marketers as illustrated in Figure 13.

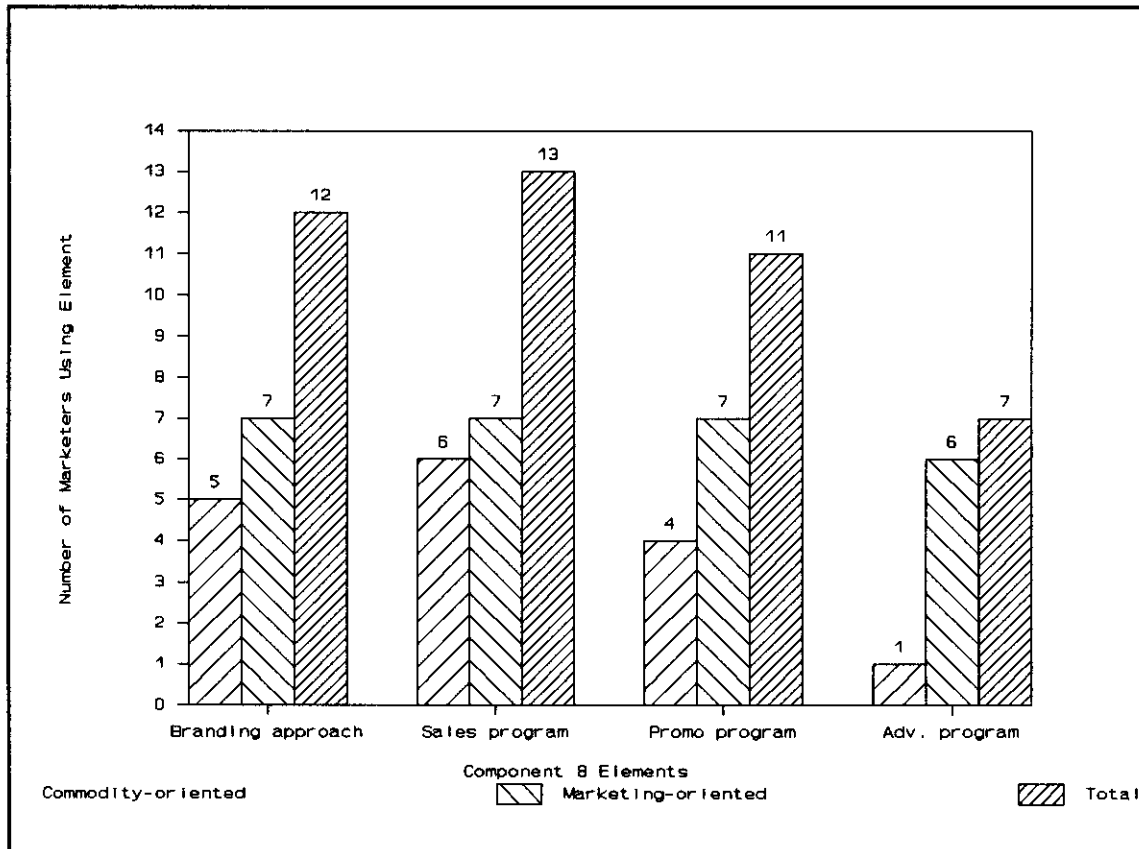


Figure 13. Promotion and Advertising Element Usage

##### 4.1.2.8.1 Branding or Labeling Approach

Twelve of thirteen marketers interviewed use this element as part of their marketing processes. All marketing-oriented and five of the commodity-oriented marketers identify the branding or labeling approach to be adopted for all products.

#### 4.1.2.8.2 Sales Program

All the marketers surveyed identify a sales program to be used by the firm.

#### 4.1.2.8.3 Promotion Program

Eleven of thirteen marketers interviewed use this element. All marketing-oriented and two-thirds of the commodity-oriented marketers use promotional programs.

#### 4.1.2.8.4 Advertising Programs

This element is investigated by seven of the thirteen surveyed marketers. One commodity-oriented and six marketing-oriented marketers surveyed acknowledged their use of an advertising program.

Commodity-oriented marketers use their own knowledge when analyzing this component's elements. Commodity-oriented marketers, using their best guess, determine the branding approach to be adopted. Commodity-oriented marketers do not seek data on the number of branded products, nor the diversity of the sales, promotion, or advertising programs in their product categories. They often use information which they have read in trade publications to make these decisions. Lack of further analysis of the sales, promotion and advertising programs by these commodity-oriented marketers increases the 'blindness' of the marketer to the value of these programs.

Marketing-oriented marketers purchase or collect detailed market research data on the

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number and identity of product brands as well as sales, promotion, and advertising programs. Marketing-oriented marketers often have good data on their competitors' spending levels for promotion and advertising programs. Armed with the analysis from previous components and the above analyses, marketing-oriented marketers quantitatively evaluate the benefits and costs of alternative branding approaches as well as sales, promotion and advertising programs. This level of analysis aids the marketing-oriented marketer in achieving more efficient use of marketing expenditures.

#### 4.1.2.9 Component IX: Production Techniques, Costs, Pricing and Profitability Analysis

This component is used in some manner by all the marketers as shown in Figure 14.

##### 4.1.2.9.1 Alternative Production Processes

Eleven of the marketers interviewed investigate production processes not being used by the firm. All marketing-oriented and two-thirds of the commodity-oriented marketers investigate alternative processes.

##### 4.1.2.9.2 Unit Costs of Alternative Production Processes

This element was used by ten of the surveyed marketers. Four of six commodity-oriented and six of seven marketing-oriented marketers analyze product unit costs for varying production plant sizes and processes.

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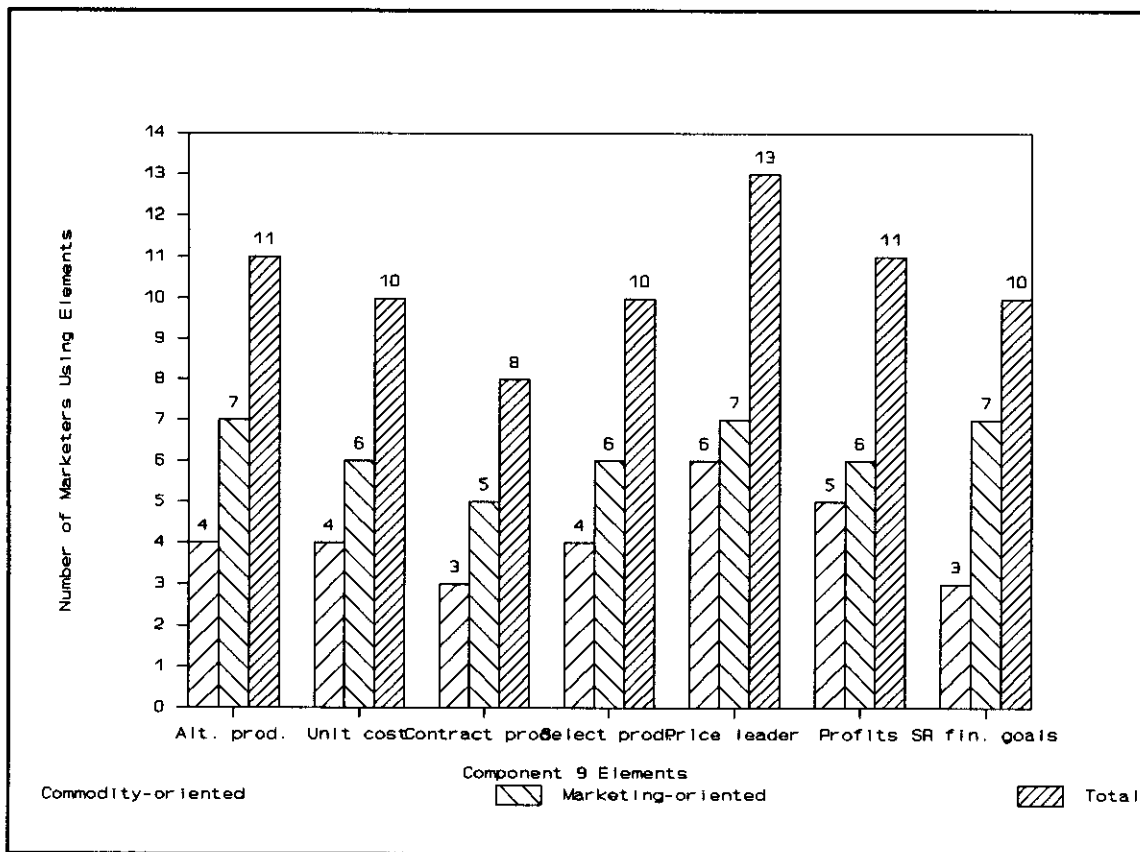


Figure 14. Production Techniques Element Usage

#### 4.1.2.9.3 Contractual Production

Eight of the thirteen marketers interviewed investigate the opportunities for contracted production of their products. Five marketing-oriented and three commodity-oriented marketers analyze this element as part of their marketing processes.

#### 4.1.2.9.4 Selection of a Production Process

This element is used by ten of the surveyed marketers. While four of six commodity-oriented marketers help in the selection of a production process, six of seven marketing-

oriented marketers are involved in making the production process decision.

#### 4.1.2.9.5 Identification of a Product Pricing Leader

All the marketers surveyed identify the pricing leader of their product categories as part of the marketing process.

#### 4.1.2.9.6 Profit Level Determination

This element is used by eleven of the surveyed marketers. Five of six commodity-oriented and six of seven marketing-oriented marketers identify likely profit levels of production, given the unit costs of production and the marketplace pricing environment.

#### 4.1.2.9.7 Short-Run Financial Goals

Ten of the surveyed marketers interviewed identify short-run financial goals. Half of the commodity-oriented and all marketing-oriented marketers determine financial objectives for the short-term.

Commodity-oriented marketers use their own accounting records as well as trade and university publications when analyzing these elements. Commodity-oriented marketers rely on trade and university publications for analysis and investigation into many alternative production processes. Although trade shows are also good sources of this kind of information, the marketer often relies on trade and university publications for less biased evaluations. Commodity-oriented marketers do not spend much of their resources

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on investigating these processes in the initial stages of the production process search. Although commodity-oriented marketers know who the pricing leader is in their categories, they do not investigate the reasons for the leadership status. They often conclude that the success factor is low price and do not search to determine if service, product quality, dependability of delivery, etc., could be factors contributing to the leader's success. Commodity-oriented marketers can, using their own operations and accounting data, determine profit levels within a narrow range of total production. However, occasionally the commodity-oriented marketer does not analyze his or her costs in enough detail to determine if unnecessary costs are being incurred. Commodity-oriented marketers do not delve into a lot of financial-goal analysis because their most important financial constraints come from their bankers, trade creditors and employees. Often their only financial concern is keeping each of these creditors as current as possible.

Marketing-oriented marketers, in general, use purchased market research data, annual financial reports of competitors, and trade and university publications as sources of information. Detailed analyses of competitors' financial reports and filings help the marketing-oriented marketer in evaluating the efficiency of alternative production processes and therefore, increase the chance for contractual production or changing processes. Marketing-oriented marketers identify the pricing leader in the category and often know how the leader will react given an upcoming holiday or event, special promotion or new product introduction. This knowledge aids the marketing-oriented

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marketer in deciding to move with, against, or away from the pricing leader. Marketing-oriented marketers analyze their profit levels using financial and operations data. These marketers investigate many 'what-if' scenarios to determine more optimal levels of marketing expenditures and production output. Marketing-oriented marketers evaluate the effects of marketing expenditures on the financial situation of the organization.

Marketing-oriented marketers are often constrained by the demands of their stockholders and the institutional investor. Marketing expenditures are often curtailed or significantly reduced to shore up a quarterly or annual financial report. Detailed analyses of these potential scenarios by marketing-oriented food marketers are a critical part of their success.

## 4.2 Discussion of the MPSS Model

Discussion of the MPSS model will proceed component by component and is organized as follows: discussion of the reasons for and interdependencies of the components, rationale for each element of the component, and uses marketers make of the information contained in each element.

### 4.2.1 Component I: External Environment Situation

The External Environment Situation component is included in the MPSS model to capture the general trends outside the marketer's organization that affect the marketing of

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consumer food products. This component identifies consumer food consumption trends, supermarket and grocery store trends as well as food packaging, processing and manufacturing trends. These trends, once identified and isolated, can lead to the development of better food marketing strategies. Success of the marketing organization should evolve from a better understanding of the food system as well as an increased sensitivity to changes in the marketplace. Identified trends should help the marketer when analyzing the Market and Sales Objectives Analysis component as well as the Sales, Promotion and Advertising component.

The first two elements of this component serve to identify general consumer trends that affect the food industry. Lifestyle, demographic, economic and food consumption trends have broad implications for food marketers. Analysis of these elements can be used to identify consumer and customer target markets as well as packaging, sales and advertising objectives. The third element of this component serves to identify trends in retail food store formats. Shifts in store formats or changes in the number of certain store types can affect distribution, shipping, and packaging as well as the sales, promotion and advertising programs carried out by marketers. The fourth element of this component identifies trends of firms within the food marketing industry. The relative importance and size of firms and changes in technology have implications which can affect all industry participants. Analysis of this element can be helpful in determining sales and market objectives, changing product and packaging offerings, and identifying product unit costs and profitability.

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Commodity-oriented marketers tend not to watch trends in packaging for instance because, in general, they are less likely to be innovators in their industry than their marketing-oriented counterparts. Commodity-oriented marketers do not feel threatened by these trends and therefore, usually do not thoroughly investigate these elements. Marketing-oriented marketers, in general, analyze all of these elements and some investigate worldwide trends which may impact the organization and product market.

#### 4.2.2 Component II: Market Situation for an Existing Product

The Market Situation for an Existing Product component is included in the MPSS model to capture the environment of an existing product under review or evaluation. If no product is now available in the market, then this component is not applicable and the user should continue on to the Product and Packaging Attribute Situation component. This component identifies the sales history of the product; sales, promotion, and advertising approach being used; volume and trends by customer type; and the history of the product's profitability. Without knowledge of this component, the marketer may find it difficult to improve or evaluate products. Information collected in this component may be used in the following decision-making components: Market and Sales Objectives Analysis; Product and Packaging Analysis; and Sales, Promotion and Advertising Analysis.

The first, third and fourth elements of this component determine in written form the

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history of an existing product. Because most marketers' memory tend not to be in sufficient detail, actual figures need to be identified and written down for this component. Past trends in overall sales volume, sales volume per customer and product profitability are extremely important when establishing market and sales goals as well as profitability projections for the future. The second element of this component describes the current sales, promotion, merchandising and advertising approaches of the product. This information will be useful when determining strategies to meet existing or new product goals.

To some commodity-oriented marketers, however, profitability is so dependent upon the supply of product and weather that to track profitability provides little, if any, benefit for the marketer. Commodity-oriented marketers can identify major customer accounts, but rarely can they track their products through to retail outlets or specific geographic locations. Marketing-oriented marketers use internal as well as purchased market research data to provide disaggregated information on all of these elements.

#### 4.2.3 Component III: Product and Packaging Attribute Situation

The Product and Packaging Attribute Situation component is included in the MPSS model to capture the evaluation of the product or package by customers and consumers. This component looks into subjective and objective evaluations as well as identifying buying guidelines and motives of the marketers' customers and consumers. Evaluations may be

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done by the marketer or an outside agency and often use focus groups or taste panels to evaluate and identify consumers' perceptions and preferences. Knowledge of these perceptions and preferences can help marketer's in developing strategies which build upon the strengths of existing product or package attributes, as well as identifying opportunities for improving weaknesses of the product or package. Information from the elements in this component is useful in the Product and Packaging Analysis component as well as the Sales, Promotion and Advertising component.

The first five elements of this component determine the subjective as well as objective evaluations of the product and package. The last two elements of this component should become apparent through the identification of the high scoring portions of the first four elements. The key buying motives of customers and consumers are useful in identifying target consumers and customers, opportunities for correcting product and package weaknesses, sales, promotion and advertising programs, and determining pricing and profitability figures.

For commodity-oriented marketers operating in an almost 'commodity' industry, there are few incentives to have product or package evaluated by customers or consumers.

Commodity-oriented marketers that conduct evaluations almost always use small samples of their customers or consumers. Commodity-oriented marketers typically have a good understanding of their customers' shipping container needs and key buying motives. This understanding may occur because either shipping containers do not change rapidly over

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time or because commodity-oriented marketers are not large enough to demand or design custom containers and therefore, are forced to use standard containers. Commodity-oriented marketers often believe the customer's only key buying motive is low price. Marketers need to know, understand and be able to explain differences between subjective and objective evaluations because differences will impact product, package, promotion and advertising strategies. Marketing-oriented marketers use in-depth and disaggregated data to understand consumer perceptions of products within product categories. This degree of knowledge allows marketing-oriented organizations to tailor marketing, promotional and advertising strategies so they align with the needs and wants of customers and consumers.

#### 4.2.4 Component IV: Competing Products and Firms Situation

The Competing Products and Firms Situation component is included in the MPSS model to capture the competitive environment of the firm and product. This component identifies the marketer's business by product, and competing products in the same product category as well as in different product categories. This component also identifies firms selling competing products and the key success factors of these firms. This knowledge is useful in strategy formulation, because it heightens the marketer's awareness of and sensitivity to the marketplace environment. The information provided by this component is useful in all the decision-making components.

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The first element of this component explicitly determines the business of the marketer, if he or she were unable to use the Market Situation for an Existing Product component.

The next nine elements determine the marketplace environment of the product and competing products. Knowledge of volume and growth trends as well as promotion, pricing and advertising trends will be helpful in projecting future goals and targets for a product. The last three elements of this component determine the relative size and strength of competitive firms. Knowledge of competitors, their ability to ask for help from a 'parent' corporation and their key success factors assist the marketer in identifying market and sales objectives, the branding or labeling approach to be chosen, promotional and advertising programs, and the pricing environment.

Commodity-oriented marketers may have difficulty with industry growth trends because either they cannot locate data on their specialized niche or they cannot afford the available data. Commodity-oriented marketers operating between 'commodity' and 'branded' product categories may not face industry-wide or product specific promotion and advertising. Because of the in-betweenness, product development trends also occur irregularly in these markets. Marketing-oriented marketers use all these elements except the industry promotion element. Marketing-oriented marketers operate in branded product categories and, therefore, most promotion and advertising in these categories is brand or product-line specific. Information from these elements aids the marketing-oriented marketer in identifying bases for product differentiation and the nature of the competitive environment. Marketing-oriented firms armed with this knowledge are

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unlikely to be out of line with their competitors with regard to pricing and advertising and try to avoid competition on the key success factors of market leaders.

#### 4.2.5 Component V: Distribution Situation

The Distribution Situation component is included in the MPSS model to identify the method(s) of getting the product from the marketer to the consumer. This component identifies and diagrams the actual distribution system and the most vital channels of the system as well as discussing the channels' entrance and use requirements for new products. Knowledge of these requisites is useful in identifying alternative distribution opportunities not yet adopted by the marketer. The information provided by this component can be used in the Market and Sales Objectives Analysis component as well as the Production Techniques, Costs, Pricing and Profitability Analysis component.

The first element of this component requires marketers to understand the distribution environment in which they operate. Information in this element may impact target market objectives, promotional and advertising programs, unit costs, pricing and profitability. The next three elements identify the holder(s) of power and control in the distribution system. Information provided by these elements have ramifications for sales and market objectives, promotional and advertising programs, and the profitability of the product. The last element of this component is useful in identifying the costs of alternative distribution channels. Information contained in this element can impact the

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profitability of any product.

Commodity-oriented marketers in general investigate the first and second elements with the same level of detail as the marketing-oriented marketer. However, because of the resource limitations of some commodity-oriented marketers, they may have very restricted knowledge of the information or approaches to the last three elements.

Marketing-oriented marketers analyze the last three elements in more detail so they are able to switch, if necessary, from one channel to another rapidly.

#### 4.2.6 Component VI: Market and Sales Objectives Analysis

The Market and Sales Objectives Analysis component is included in the MPSS model to capture the second step of the planning process identified as "Where the product should be in the future" (Figure 1). This component sets the goals for the market to be served, sales volume to be achieved and distribution channel to be used. Input for much of this component comes from the evaluation of the Product and Packaging Attribute Situation component. Information from this component is used by the Product and Packaging Analysis component as well as the Sales, Promotion and Advertising Analysis component.

The first element of this component helps the marketer identify a target market for the product. Analysis of this element may affect sales objectives; target customers chosen; product and packaging chosen; brand or labeling strategy; sales, promotion and

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advertising programs; and, the pricing and profitability of the product. The second element of this component determines future sales targets. Targets can affect distribution channel chosen; sales, promotion and advertising programs; production technology chosen; and unit costs, pricing and profitability forecasts. The third element of this component determines targeted distribution customers given the constraints of the first two elements of this component. Information from these elements impacts the packaging of the product, the sales, promotion and advertising programs, and unit costs, pricing and profitability of the product.

Commodity-oriented marketers, however, tend not to have historical data sets or market research data which could aid them in identifying target consumers. Commodity-oriented marketers may have some difficulty making sales and unit projections as they are more likely to be dependent on the weather or nature for their supply of raw materials than their marketing-oriented counterparts who may use world-wide input sourcing.

Commodity-oriented marketers place most of their emphasis on identifying sales goals when using this component. They often do not identify target consumers or customers as they customarily phone from customer-to-customer trying to sell their product.

Marketing-oriented marketers, on the other hand, expend more of their resources on the first two elements. Analyses of those elements then leads to identifying target distribution customers.

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#### 4.2.7 Component VII: Product and Packaging Analysis

The Product and Packaging Analysis component is included in the MPSS model to capture future decisions to be made about the product and package. The Product and Packaging Attribute Situation captured current or past decisions but was unable to provide future strategies. Input for this component comes from the Market Situation for an Existing Product, Product and Packaging Attribute Situation, Competing Products and Firms Situation and the Market and Sales Objectives Analysis components. Information provided by this component can be used in the Sales, Promotion and Advertising component; Production Techniques, Costs, Pricing and Profitability Analysis component; and, Market and Sales Objectives Analysis component.

The first element of this component identifies strategic opportunities which exist because of the product and package strengths identified by high scores on the attribute measures. If sales, promotion or advertising programs do not communicate the strengths of the product that are correlated with key buying motives, these programs need to be changed to build upon these strengths. The second element of this component identifies attribute deficiencies revealed in the subjective and objective evaluations that can be corrected in the minds of customers as well as consumers. These two elements also reveal differences between the marketer's product and competitive products, which can be used in the marketer's sales, promotion or advertising programs. Commodity-oriented marketers typically collect subjective product and package evaluations from a few of their

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customers, friends or relatives. This information is not as helpful in identifying product and packaging opportunities as are more systematically collected data from a market research firm. Marketing-oriented marketers collect and purchase product and package evaluations to provide more objective data which can reveal the hidden strengths and weaknesses of the organizations' products useful in developing marketing strategies and promotions.

#### 4.2.8 Component VIII: Sales, Promotion and Advertising Analysis

The Sales, Promotion and Advertising Analysis component is included in the MPSS model to capture promotional opportunities available to food marketers. This component identifies the branding or labeling program to adopt and the sales, trade promotion and consumer advertising programs to be used given the sales and market objectives determined in the first decision-making component. Input for much of this component comes from the External Environment Situation, Market Situation for an Existing Product, Product and Packaging Attribute Situation, Competing Products and Firms Situation, Market and Sales Objectives Analysis and, Product and Packaging Analysis components. Information from this component is useful in the Market and Sales Objectives Analysis component as well as the Production Techniques, Costs, Pricing and Profitability Analysis component.

The first element of this component identifies the branding or labeling approach to be

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adopted by the marketer. Information in this element affects the sales, promotion and advertising programs to be adopted, therefore, it is necessary to complete this element before proceeding to the other elements of this component. The last three elements of this component identify the sales, promotional and advertising programs to be adopted by the marketer. Information in these elements affects the unit costs, pricing and profitability of the product.

Commodity-oriented marketers evaluate these elements, however, in many cases they do not adopt concurrent promotional and advertising programs. Commodity-oriented marketers usually find trade promotion programs to be advantageous, however, they perceive few incentives to adopt a consumer advertising program because of low consumer recognition of their brand(s). Commodity-oriented marketers often develop promotion programs themselves, occasionally asking the media supplier to make suggestions for improvements to the program. Marketing-oriented marketers are more likely to use a national or regional product brand and have simultaneous sales, promotion, merchandising and advertising programs. They usually find both promotion and advertising to be vital to their product's success. Trade promotion 'reserves' them a spot in warehouses and on retail shelves, while advertising builds consumer loyalty and keeps brand-name recognition high. Marketing-oriented marketers are often predisposed to either promotion or advertising, but carry out both programs to retain the customers' vital shelf space and the consumers' loyalty. Marketing-oriented marketers experiment with the mix and level of both advertising and promotion programs to judge the effectiveness

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and efficiency of such programs. Marketing-oriented marketers typically hire outside promotion and advertising agencies to aid them in developing and maintaining these key activities.

#### **4.2.9 Component IX: Production Techniques, Costs, Pricing and Profitability Analysis**

The Production Techniques, Costs, Pricing and Profitability Analysis component is included in the MPSS model to capture the strategic decisions of the business operation, pricing of the product and the profitability of the production process. This component identifies alternative production processes, volume to unit cost ratios and opportunities for contracted product production. Realities of pricing in the marketplace are identified, likely profit levels are calculated and short-term goals of the marketer are determined. Input for this component comes from the Distribution Situation, Product and Packaging Analysis, and, Sales, Promotion and Advertising Analysis components. Information provided by this component can be used by the Sales and Market Objectives Analysis component as well as the Sales, Promotion and Advertising Analysis component.

The first four elements of this component identify the production process and unit costs of the product. Knowledge of unit costs is extremely important, especially when pricing a product or trying to determine future profitability goals. The fifth and sixth elements of this component investigate the pricing environment of the marketplace and likely profit level of the production process. Analyses of these elements may highlight for the

marketer problems with the costs of the chosen production technology or the assumed product benefit level to the consumer. The last element in this component identifies future product and profitability goals. Without these goals, the marketer operates without a target to guide his or her day-to-day efforts.

All marketers tend to be knowledgeable about alternative production technologies, their advantages and disadvantages as well as unit costs of production. Commodity-oriented marketers, however, tend not to achieve the low-cost status of the larger marketing-oriented marketer, due to their smaller sales volumes. Commodity-oriented marketers are seldom the pricing leaders of their product categories and therefore, are more likely to be affected by product supply and demand conditions. Reliance on supply and demand may lead to inaccurate forecasted prices and profit levels. Commodity-oriented marketers, typically not significant suppliers in the market, are unable to affect product pricing. Therefore, they may have few alternatives except to accept the market price for their products. Commodity-oriented marketers are concerned with many issues related to profitability, however, their major financial concern tends to be meeting the weekly payroll or paying bills as mentioned earlier. Marketing-oriented marketers have few of these concerns. They are often able, due to their large sales volumes, to produce at or near low-cost status in the market. These large volumes, in turn, often affect the product's price, and lead to the use of price sheets and an unwillingness to enter into price bargaining negotiations. Marketing-oriented marketers usually project more accurately their future product prices and profitability levels due to the use of pricing

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sheets. Marketing-oriented marketers, however, tend to be concerned with achieving adequate returns on shareholder capital, a concern not as widely felt by their commodity-oriented counterparts. Marketing-oriented marketers typically set a larger number of and more detailed financial targets for the future.

This section has summarized the reasons for the inclusion of each component in the MPSS model. Interdependency of the components has been illustrated to highlight the relationships that exist between components. Rationale for the model's elements has been discussed as well as the use of information by marketers. Elements of the MPSS model are not intended to be all inclusive, but to illustrate the 'key' issues of each component. Commodity-oriented marketers, based on the evidence collected during the interviews, typically investigate elements on a more superficial level while marketing-oriented marketers thoroughly evaluate each element. Sources of information for elements range from a marketer's 'best guess' to statistical private market research. Marketers are limited by the resources at their disposal when trying to decide the approach or source to use in their marketing processes. Situational components are more likely to need quantitative and objective sources of information, while decision-making components are more likely to use subjective analysis of the quantitative data. The next section of the chapter will test the propositions of the research project.



### 4.3 Validation of the Research Propositions

Confirmation of the research propositions will begin with a restatement of the propositions as presented in section 1.6:

- P<sub>1</sub>: There are common components and elements which are addressed when the marketing process is applied to consumer food products.
- P<sub>2</sub>: Marketing-oriented food marketers employ a more complete analysis of the marketing process elements in developing marketing plans than food marketers not adopting a marketing orientation.

Although the research method used in this project does not allow for quantitative or statistical validation of the research hypotheses, it does allow for confirmation. Research results discussed in the two previous sections have shown that overall, consumer food product marketers investigate about eighty percent of the MPSS elements in the course of their marketing processes. Thirty-seven of the forty-nine (75.5%) MPSS elements were used by more than seventy percent of the surveyed marketing firms. Evidence collected in the interview portion of this research project provides qualitative support for the first research proposition.

Results presented throughout the subsections of section 4.1.2 reveal differences in the approach to analyzing the MPSS model by commodity-oriented and marketing-oriented marketers. Commodity-oriented marketers, in general, use aggregated data and examine trends at a product category level. Commodity-oriented marketers use inexpensive sources of data in their analyses, often these are trade association or university

publications which typically provide aggregated data. Analyses using this kind of data must themselves be fairly broad.

Marketing-oriented marketers, in general, compile large amounts of primary market research data along with secondary data. Primary data has the benefit of being more specific and less aggregated than category-level secondary data. Primary market research data helps the marketer in identifying causes underlying general product category trends. Marketing-oriented marketers use analytic techniques to determine associations among variables of interest. This deeper level of analysis aids the marketing-oriented marketer in making more confident decisions than if he or she had only analyzed product category-level data. Evidence in the survey portion of this research project qualitatively supports the second research proposition. In general, results substantiate the two research proposition.

#### 4.4 Uses and Users of the MPSS Model

This section of the chapter is divided into two parts. The first part discusses uses of the MPSS model and the second identifies principal users of the MPSS model.

##### 4.4.1 Uses of the MPSS Model

The Market Planning Support System model has two major uses. First, MPSS can be

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used as a management-oriented planning aid for marketers of grocery-store distribution, consumer food products. Marketing managers can use MPSS to help them in the planning process. MPSS shows the key components and elements of the consumer food product marketing process. Second, MPSS can be used to increase the chance of success for new consumer food products and their developers. Many existing and potentially all new commodity-oriented food product marketers have little detailed knowledge of the marketing process as shown by the interview findings. The MPSS model increases the probability that food marketers will consider and analyze most of the activities and procedures of the marketing process. The MPSS model is not, however, intended to substitute for much needed creativity and innovation in the marketing process.

The MPSS model is to be disseminated as a research report which lists the key components and elements of the food marketing process. This method of information dissemination places knowledge in the hands of MPSS model users faster than trying to schedule local extension meetings or campus seminars. Therefore, MPSS model users can begin investigating the marketing process components before trying to develop a marketing plan.

#### 4.4.2 Users of the MPSS Model

There are four groups of potential users of the MPSS model. First, marketing and sales persons of some consumer food product marketing firms will find the MPSS model

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extremely useful in organizing or 'systematizing' the marketing process. MPSS will aid in more consistently detailed and comprehensive marketing programs being formulated for different products in one firm because the model is in a written format rather than a verbalized notion. Second, industries and organizations interested in changing to a 'marketing-oriented' business philosophy will find the MPSS useful. Industry groups, such as commodity associations, will be able to test the strengths and weaknesses of their existing products in addition to evaluating new product concepts. The ability to rate product concepts can aid associations, for example, in directing research resources to products with greater market potential. Third, industries and organizations which desire to pursue more marketing activities can use the MPSS model to identify marketing activities associated with their product(s) and assess the returns from these activities. MPSS, for example, could help a commodity association in evaluating returns to changing product grade standards or increased consumer advertising. Fourth, MPSS can aid individuals who want to investigate opportunities for adopting more marketing activities. Marketers will be able to analyze opportunities for beginning a trade promotion program or developing a new package with the MPSS.

In general, the MPSS model will be most valuable to commodity-oriented marketers having limited amounts of detailed marketing process knowledge. Marketing-oriented marketers often have larger financial and human resource bases which allow them to investigate, in greater detail, most components and elements of the MPSS model. In general, marketing-oriented marketers already realize the importance and perform detailed

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analysis of the components and elements of the MPSS model.

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## CHAPTER 5

### CONCLUSIONS

This chapter summarizes the market planning support system research project. The chapter begins with a summary of the research method, followed by conclusions of the MPSS model research project. A discussion of the limitations of the research method and MPSS model as well as suggestions for future research completes the chapter.

#### 5.1 Summary of the Research Method

This section of the chapter summarizes the three major steps of the research method: the literature search, the development of the MPSS model, and, the sampling procedure and field interviews. First, the research began with a literature search of research methods appropriate for use in the social sciences. Three databases were searched for literature in the disciplines of sociology, marketing and economics which would help discover and rate alternative research methods. Review of the business planning and marketing literature was undertaken to discover previous research efforts in this subject area. Second, conceptual development of the MPSS model was undertaken. One of three initial approaches at organizing the marketing process concept was chosen for further

refinement. Secondary research using marketing plan references was performed during this step to include results of similar research endeavors. A working framework for the MPSS resulted from the second research step. Third, after considering the sampling problems of the research, guidelines for selecting field interview candidates were established. Interviews were scheduled with food marketers and data collection was conducted. Open-ended interviews, interspersed with probing questions, were used to discover, identify and understand the marketing processes used by food marketers and to confirm the MPSS model.

## 5.2 Conclusions

Essential components of the marketing processes used by consumer food product marketers are remarkably similar. All the food product marketers interviewed used the components of the marketing planning support system. However, the extent of analysis employed during the marketing process differentiates marketers. Commodity-oriented marketers assessed about fifty percent of the model elements that marketing-oriented marketers use in their marketing process. In general, commodity-oriented marketers analyze fewer elements in the product, packaging, competitive, distribution, market objective, promotion, advertising and profitability areas of the marketing process. Commodity-oriented marketers are less likely to make large financial and human resource commitments to these analyses. Commodity-oriented marketers have difficulty justifying large expenditures on detailed market research as they do not perceive an ability to

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increase their own profit margins. Commodity-oriented marketers are more likely to use very small sample sizes or their own "best guesses" than marketing-oriented marketers. Results show, commodity-oriented marketers, if they choose to change to a stronger consumer orientation, can improve their marketing process understanding through a four step process. First, commodity-oriented marketers need to increase their exposure to consumers and customers. Such exposure should include both existing as well as potential consumers and customers. Second, commodity-oriented marketers need to more deeply investigate each model element and increase the number of elements investigated. Third, commodity-oriented marketers need to bring more precision and quantification to the management of marketing activities. Fourth, commodity-oriented marketers need a 'focus' for their business. Commodity-oriented marketers, in many cases, are not low-cost producers in their product category due to their unit volumes. However, there is no barrier to commodity-oriented marketers finding and filling niches in the marketplace. Chapter 1 in Porter's text, *Competitive Advantage: Creating and Sustaining Superior Performance*, would be helpful to commodity-oriented marketers in this endeavor.

Marketing-oriented marketers typically spend a larger portion of their resources on identifying consumer and customer wants, identifying the attributes of their own and competitors products and packages, and, on the analysis of sales, promotion and advertising programs. Knowledge gained by a thorough and in-depth investigation into these components appears to provide marketing-oriented marketers with at least some of their advantage in the marketplace.

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### 5.3 Limitations of the Research Method

There are two limitations of the research method used in this study. First, use of a non-experimental, qualitative and inductive research method is limited to the discovery and qualitative confirmation of propositions. For hypotheses to be verified with any statistical significance, an experimental, quantitative and deductive research approach would need to be adopted. Second, there is no method "triangulation" of the research project.

Triangulation could corroborate the construct validity and comprehensiveness of the marketing process concept variables in this research project. Research using the methods, for example, of participant observation or mail-in questionnaires would be necessary to triangulate the research results.

### 5.4 Limitations of the Market Planning Support System Model

There are three limitations of the MPSS model. First, it is not an outline format for a marketing plan. However, MPSS implicitly aids in the development of most of the steps necessary to construct a marketing plan (Appendix B). Major components of most marketing plans in the academic and trade literature are also constituent components of the marketing process. Second, MPSS is designed solely for grocery-store distribution, consumer food products. Although most components and questions are likely to be part of the marketing process of other industries, the model does not explicitly identify which components or questions are generalizable to other contexts. Third, MPSS does not

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explicitly identify strategies for marketers even though use of the MPSS model would certainly help to make marketing opportunities more visible. Creativity and insight by MPSS model users should yield marketing strategies.

### 5.5 Suggestions for Future Research

Four recommendations for future research became apparent during this research project. First, research into the marketing processes of industrial and institutional food product marketers would provide useful insight into other food marketing processes and could lead to the development of a general food MPSS model. Second, empirical and deductive triangulation of the research method and results could verify the existence of the consumer food product marketing process variables discovered in this study. Third, the length or frequency of field interviews could be increased. A major obstacle however, would be the ability of marketers to provide time for the researcher. In this study the average interview lasted forty-five minutes to one hour. Even this amount of time seemed to be a burden for many marketers. Fourth, increase the sample size from a 'few' to 'many'. Availability of the researcher's time and the ability to carry out a large number of interviews enthusiastically after achieving a large portion of the knowledge from a small number of interviews are potential problems which would need to be resolved.

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## APPENDIX A

### Components of Marketing Plans<sup>20</sup>+

Component	Reference Number											
	1	2	3	4	5	6	7	8	9	10	11	12
Accuracy of past sales forecasts			*	*				*				
Accuracy of production forecasts	*											
Advertising and promotion budget	*				*			*		*	*	
Advertising program objectives	*				*			*	*	*	*	
Advertising effectiveness evaluation			*		*		*	*		*	*	*
	1	2	3	4	5	6	7	8	9	10	11	12
Branding acceptance	*	*			*	*	*					
Business definition	*			*	*			*	*	*		
	1	2	3	4	5	6	7	8	9	10	11	12
Change in number of market segments			*						*			
Channel abilities vs. product needs			*		*							
Channel serves target markets	*				*		*	*		*	*	
Channel performance analysis	*						*	*			*	
Channel strength/weakness evaluation			*						*			*
Competitive personnel analysis												*
Competitor strategy analysis						*	*	*			*	*
Competitor strength/weakness eval.	*	*		*		*	*	*			*	*
Contingency plans								*				
Coordinating advertising and marketing plans				*	*	*		*				*
Coordinating advertising, sales and promotion programs	*	*			*			*				
Customer/Consumer key buying motives						*	*	*	*		*	
Customer/Consumer product attribute analysis	*	*	*	*	*	*	*	*	*		*	*
	1	2	3	4	5	6	7	8	9	10	11	12
Delivery performance analysis	*	*					*		*			
Distribution channel competitive analysis												*
Distribution channel integration evaluation										*		
Distributor relations										*		

## Appendix A (cont'd.)

	1	2	3	4	5	6	7	8	9	10	11	12
Effect of user demands or trends on sales	*						*					
Efficient order processing						*				*		
Environmental issues								*				*
Experience curve											*	
Geographic profit analysis	1	2	3	4	5	6	7	8	9	10	11	12
	*	*					*	*	*			
Identification of consumer wants	1	2	3	4	5	6	7	8	9	10	11	12
		*	*					*				
Identification of principal competitors	*	*		*	*	*	*	*		*	*	*
Inherent price limitations						*			*	*		
Internal and competitor profitability analysis	*			*	*		*	*			*	*
Inventory turnover and mix						*	*			*		
Legal/Government trends affecting the business	1	2	3	4	5	6	7	8	9	10	11	12
		*					*	*			*	*
Market definition	1	2	3	4	5	6	7	8	9	10	11	12
	*	*		*	*	*	*	*	*		*	
Market segments	*						*	*	*		*	*
Market shares for firm and competitors	*			*	*		*	*		*	*	*
Market size	*		*	*	*	*	*	*	*	*	*	*
Market research support	*	*	*	*				*				
Marketing expenditure reports	*										*	
Marketing plan for each major product	1	2	3	4	5	6	7	8	9	10	11	12
			*									
Necessary level of customer/ consumer service	*						*	*	*			
New production methods and technology trends	*							*				*
Packaging acceptance by consumers	1	2	3	4	5	6	7	8	9	10	11	12
	*	*	*		*		*	*		*		
Possibility of new product introductions in future	*						*					
Postmortem on past plans			*									
Price list easily understandable	*											
Price/Quality comparisons with competitors	*	*		*			*					
Pricing in line with top management business strategies	*						*	*				
Product attribute analysis of all products in category	*	*					*	*				

## Appendix A (cont'd.)

	1	2	3	4	5	6	7	8	9	10	11	12
Product definition	*				*	*	*	*				
Product life cycle length	*						*	*				*
Product/Market opportunities and threats analysis	*		*	*	*					*	*	
Product matrix analysis				*							*	
Product mix and development					*							
Product positioning analysis by consumers						*				*		*
Profit growth trends	*						*	*				
Profit margins			*						*			
Promotion evaluation	*									*	*	
Promotion support of marketing objectives	*				*			*			*	
Response to geographic trends	*						*					
Risk factor appraisal								*				
	1	2	3	4	5	6	7	8	9	10	11	12
Sales cycles/seasonalities	*				*		*					
Sales expense to sales ratio	*						*				*	
Sales growth trends by market segment	*		*	*	*		*	*	*	*		*
Sales history of product, 3-5 years	*				*		*	*	*		*	*
Sales performance comparison against total market, geographic market	*							*				
Sales segments identified by channel, store format and geographic market	*						*	*	*		*	*
Sales training and compensation analysis	*							*				
Shipping schedules	*						*					
	1	2	3	4	5	6	7	8	9	10	11	12
Target market sales goals	*				*		*	*	*		*	
Test market results					*		*					

<sup>20</sup> Components as found in the following references listed in numerical order (complete citations can be found in the list of references):

- (1) Goetsch, H.W. (1979)
- (2) Griffin, Tom (1982)
- (3) Gibson, Lawrence D. (1973)
- (4) Anonymous, (1979) Upstart Publishing
- (5) Dudick, Thomas S. and Robert V. Gorski (1983)
- (6) Hodock, Calvin L. (1986)
- (7) Linneman, Robert E. (1987)
- (8) Hopkins, David S. (1981)
- (9) Hopkins, David S. (1981), Exhibit 5
- (10) Hopkins, David S. (1981), Exhibit 12

Appendix A (cont'd.)

(11) Hopkins, David S. (1981), Exhibit 34

(12) Rausch, Bernard A. (1982)

+ (\*) Signifies the use of this component in marketing plans discussed or illustrated in the reference.

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## APPENDIX B

### Marketing Plan Outline<sup>21</sup>

- |       |                                     |   |
|-------|-------------------------------------|---|
| I.    | Executive Summary                   | This presents an abbreviated overview of the proposed plan for quick management skimming.   |
| II.   | Current Marketing Situation         | This presents relevant background data on the market, product, competition, distribution and macroenvironment.                    |
| III.  | Opportunity and Issue Analysis      | This summarizes the main opportunities/threats, strengths/weaknesses, and issues facing the product that the plan must deal with. |
| IV.   | Objectives                          | This defines the goals the plan wants to reach in the areas of sales volume, market share and profit.                             |
| V.    | Marketing Strategies                | This presents the broad marketing approach that will be used to meet the plan's objectives.                                       |
| VI.   | Action Programs                     | This answers: What will be done? Who will do it? When will it be done? and How much will it cost?                                 |
| VII.  | Projected Profit-and-Loss Statement | This summarizes the expected financial payoff from the plan.  |
| VIII. | Controls                            | This tells how the plan will be monitored.  |

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<sup>21</sup> Kotler, Philip (1984), 281.

## APPENDIX C

### New Product Development Process<sup>22</sup>

- I. Idea Generation
- II. Idea Screening
- III. Concept Development and Testing
- IV. Marketing Strategy Development
- V. Business Analysis
- VI. Product Development
- VII. Market Testing
- VIII. Commercialization

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<sup>22</sup> \_\_\_\_\_ (1984), 281.

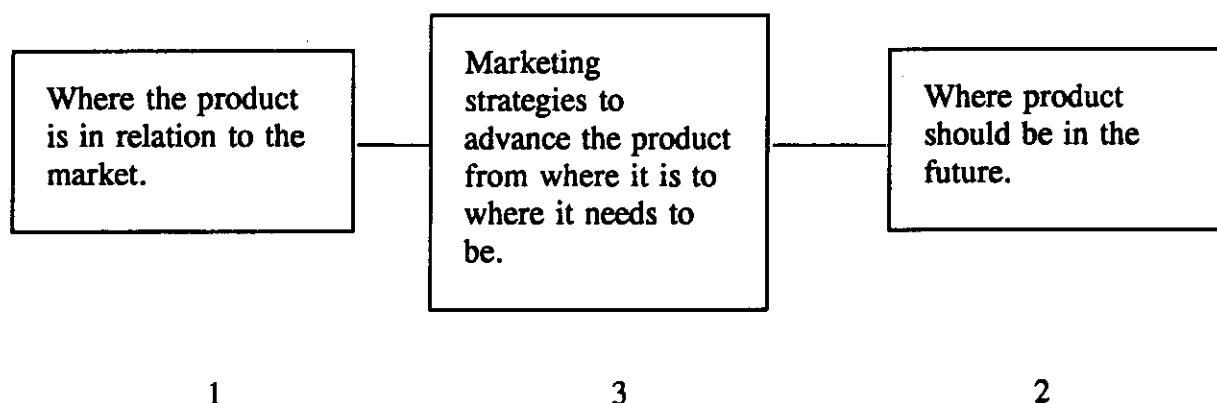


## APPENDIX D

### What is the Market Planning Support System?

The market planning support system (MPSS) is a 'decision tree' type management aid which indicates key questions used by food packers, processors and manufacturers in the market planning process for consumer food products. The MPSS also identifies common sources of information and approaches facilitating answers to these questions. The process of planning has three distinct steps: (1) determining where products (or product concepts) are now in relation to market offerings; (2) desired market position in the future; and (3) strategies of how to get products from where they are to where they need to be.

Diagram 1.0  
The Planning Process



This is a common definition for business planning, which in the most general sense is also useful for market planning purposes.

The results from this research will provide questions and guidelines which food marketers can use to develop marketing plans. The questions in the MPSS will be developed and organized for MPSS users in order to determine where existing products or new product concepts are in relation to current market offerings and situations; where products are to be positioned in relation to expected future market situations; and what are the approaches and strategies which might be used to achieve desired future product positions. The MPSS will also suggest common sources of information as well as approaches useful in answering these questions.

## Appendix D (cont'd.)

Thus, the goals of the MPSS are to identify important market planning questions, information sources and generally used approaches to the market planning process. It is up to the MPSS user to determine specifically how to use this information to support the market planning function of a particular firm or industry. MPSS is not intended to substitute for needed creativity and innovation in the market planning process, but as a support system which can be used as an aid in the marketing of consumer food products.

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## **APPENDIX E**

### **Components of the Market Planning Support System**

The Market Planning Support System (or MPSS) is a 'decision tree'-type management aid which clearly indicates key questions used in the market planning process by processors or suppliers of new or existing food products.

The MPSS consists of five situational and four decision-making components. The following is a listing of these key MPSS components. For each component, the types of information to be determined are also indicated.

#### **Situational Components**

Situational components are used to identify industry and firm trends as well as the existing marketplace environment. These components indicate the product's relationship to the market and implicitly identify marketplace opportunities. Historical data, surveys and interviews are the major sources of information. Information from the situational components will be used in the decision-making processes of the firm or industry.

#### **I. External Environment Situation**

- \* Identifies general consumer trends
- \* Identifies broad consumer food trends
- \* Identifies general supermarket/grocery store trends
- \* Identifies trends in food packaging, processing and manufacturing

#### **II. Market Situation for an Existing Product**

- \* Analyzes recent history of the product
- \* Investigates the sales history by geographic market, customer account and types of retail stores.
- \* Investigates the past profitability of the product and describes the current sales, promotion, merchandising and advertising approaches for the product

## Appendix E (cont'd.)

**III. Product and Packaging Attribute Situation**

- \* Identifies customer and consumer perceptions of product attributes for the product in question as well as competing products--focus is on strengths and weaknesses of the product
- \* Identifies customer and consumer perceptions of the retail package--focus is on strengths and weaknesses of the retail package
- \* Likely buying motives of customers and consumers are identified based upon analysis of their perceptions
- \* Identifies objective evaluations of the investigated product
- \* Identifies objective evaluations of the product's packaging needs
- \* Identifies customer guidelines for shipping containers

**IV. Competing Products and Firms Situation**

- \* Identifies competing products and leading firms selling competing products
- \* Investigates industry and competing product sales, important product development trends, retail prices as well as promotion and advertising programs
- \* Analyzes leading firm's products and strategies to reveal key success factors; sales; profitability; target market strategy; and sales, promotion, merchandising and advertising approaches and strategies

**V. Distribution Situation**

- \* Identifies and diagrams the distribution system between the organization and consumers
  - \* Identifies sales volume and volume trends for alternative distribution channels
  - \* Analyzes the performance and efficiency of distribution channel participants
  - \* Identifies distribution channel entrance and use requirements
-

## Appendix E (cont'd.)

- \* Identifies competitive product distribution channels and participants

**Decision-Making Components**

The decision-making components focus on market planning decisions to be made by consumer food product packers, processors and manufacturers. These components assist in analysis of market opportunities as well as firm or industry-wide responses to the opportunities. The situational components provide major sources of information used in the decision-making components. The decision components, in turn, facilitate the process of determining firm or industry-wide strategies.

**I. Market and Sales Objectives Analysis**

- \* Identifies target consumers
- \* Identifies distribution channel participants
- \* Identifies sales objectives

**II. Product and Packaging Analysis**

- \* Investigates opportunities for building upon the strengths of the product, retail package and shipping package
- \* Identifies opportunities for correcting the weaknesses of the product, retail package and shipping package

**III. Sales, Promotion and Advertising Analysis**

- \* Identifies branding or labeling approach to be adopted
- \* Identifies sales, promotion and advertising requirements and strategies

**IV. Production Techniques, Costs, Pricing and Profitability Analysis**

- \* Identifies vital components, techniques, and capacity and unit costs of the production process
  - \* Identifies initial pricing and price strategies
-

Appendix E (cont'd.)

- \* Identifies likely profitability levels for the product

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