



**AgEcon** SEARCH  
RESEARCH IN AGRICULTURAL & APPLIED ECONOMICS

*The World's Largest Open Access Agricultural & Applied Economics Digital Library*

**This document is discoverable and free to researchers across the globe due to the work of AgEcon Search.**

**Help ensure our sustainability.**

Give to AgEcon Search

AgEcon Search  
<http://ageconsearch.umn.edu>  
[aesearch@umn.edu](mailto:aesearch@umn.edu)

*Papers downloaded from **AgEcon Search** may be used for non-commercial purposes and personal study only. No other use, including posting to another Internet site, is permitted without permission from the copyright owner (not AgEcon Search), or as allowed under the provisions of Fair Use, U.S. Copyright Act, Title 17 U.S.C.*

**CREATING A DEALER LEVEL INTEGRATED MARKETING  
MODEL: A GROUNDED THEORY APPROACH**

by

W. Scott Downey

Working Paper #12-2

July, 2012

**Dept. of Agricultural Economics**

**Purdue University**

*It is the policy of Purdue University that all persons have equal opportunity and access to its educational programs, services, activities, and facilities without regard to race, religion, color, sex, age, national origin or ancestry, marital status, parental status, sexual orientation, disability or status as a veteran. Purdue University is an Affirmative Action institution.*

# **CREATING A DEALER LEVEL INTEGRATED MARKETING MODEL: A GROUNDED THEORY APPROACH**

by

W. Scott Downey

Dept. of Agricultural Economics, Purdue University

West Lafayette, Indiana 47907-2056

downeyws@purdue.edu

Working Paper #12-2

July, 2012

## **Abstract**

The agricultural equipment industry is going through change, driven by world demand for food and the efficient production required to produce it. Equipment dealers have traditionally existed as privately owned distributors for equipment manufacturers, but are becoming marketing organizations on their own due to consolidation. This paper uses grounded theory to describe a model of how marketing integration is emerging within agricultural equipment dealerships. It suggests that formal strategy and informal culture must both be managed in order for integration to occur in progressive dealers.

Keywords: Marketing, Dealers, Manufacturers, Culture, Strategy

JEL Codes: M31, M14, L21, L22

Copyright © by W. Scott Downey All rights reserved. Readers may make verbatim copies of this document for non-commercial purposes by any means, provided that this copyright notice appears on all such copies.

## **Creating a Dealer Level Integrated Marketing Model: A Grounded Theory Approach**

In the agricultural equipment industry, manufacturers and dealers are part of a unique system in which value is created for farmers with equipment created by manufacturers and service created by dealers. The proliferation of data generating tools on today's farm equipment results in a third area of value creation that is rising in prominence: information. The relationship between manufacturers and dealers has evolved since Ridgeway first described its administration in 1957. The emergence of the role of gathering and interpreting information from equipment has created a question that challenges the roles manufacturers and dealers play in the process of marketing to customers. Whether translating data from this equipment into knowledge for the farmer should be a service that is given away in order to encourage farmers to buy the equipment, or it should be a source of revenue for dealers who would be expected to hire expertise into their dealership to interpret the data, or whether it should be left to third party agronomists to deal with is an example of the conflicts that are occurring in marketing through this channel. Uncertainty about how and where value is created and communicated through this system raises broader questions about how marketing should be integrated between manufacturers and dealers. This research sought to use grounded theory as a first step in describing how this question is being resolved among dealers of agricultural equipment in North America.

First, a word about the methodology used for this research: Grounded theory is a common research technique in which a model is built inductively. Although it has not been used extensively in agribusiness literature, it is common in social sciences and being used more frequently in business literature (Bitsch, 2005). The process begins with a research question, draws from the experiences of researchers and subjects, and describes a model that emerges iteratively through repeated comparisons (Geiger & Turley, 2003). Grounded theory is suggested to address complex issues for which there are high levels of interaction and for which existing theory is not well defined (Goulding, 2005). It was suggested as an approach in the context of this research question because existing research on integrated marketing focuses primarily on communication and does not describe well the dealer perspective of organizational activities necessary for coordinating the marketing efforts of manufacturers and dealers in an industry that has changed as rapidly as agribusiness in North America has. Other research on channel coordination at the supplier level has considered the topic from a variety of perspectives. Among these are relationship governance approaches (Heide, 1994), supply chain management (Lambert & Cooper, 2000) and power relationships (Hingley, 2005). Issues of integration within the food production system and commodity markets after the farm gate are also quite commonly presented. Other research has considered marketing integration within a single firm (Akdeniz, Gonzales-Padron, & Calantone, 2010), but none of these approaches have specifically addressed the dealer perspective of integrating marketing efforts with manufacturers in the equipment industry.

The research presented here will describe the grounded theory methodology used to develop this model, provide some background on the question, discuss the findings of the research, suggest a model for integrated marketing in the agricultural equipment industry from the dealer perspective, provide some theoretical perspective about the model and present some implications for dealers that arise from this research. For researchers, it extends organizational understanding of complex issues that affect many agribusinesses who serve the food production value chain.

## **Methods**

The purpose of the grounded theory approach used in this research was not to test a generalizable model, but to answer the research question of how marketing is integrated between manufacturers and dealers to serve farm customers. To accomplish this, observations were gathered and analyzed consistent with Goulding (1999) in order to generate a model that may be tested with future research, perhaps using more quantitative approaches. Customer perspectives about manufacturers and dealers were gathered as part of the Purdue Large Commercial Producer study (Alexander, et al., 2009) and guided some of the initial questions that were proposed to be asked of dealers.

To provide answers to the research question from a dealer perspective required access to management teams in many large equipment dealers as well as decision makers in the manufacturer's organization. The researchers partnered with one of the large North American equipment manufacturers. Working closely with one manufacturer is a limitation of this study, but competitive sensitivity among dealers in North America and the intimacy of conversations that potentially revealed structural weaknesses of both dealer and manufacturing organizations required it. The researchers met with executive decision makers in the manufacturer's organization to discuss the research question and seek support, and arranged to meet with the leadership teams of several of the larger and more progressive dealers in the U.S. and Canada who are affiliated with the manufacturer. The selection of dealers was critical. Larger and more progressive dealers better represented the direction of the industry than smaller, traditional dealers, but a very small number of multi-state dealerships were considered to be outliers that are so large as to not be helpful in developing a practical model.

Meetings with dealers were arranged by contacting the dealer principals to describe the study and arrange a time to meet. Meetings were set with executive leadership teams at two dealerships, one in the southern part of the U.S. and the other in Canada. The meetings each lasted several hours and included the general manager, heads of sales and marketing functions and other staff who direct the activities of the dealer organization. The interviews were conducted by the two researchers with support from the dealer principal and manufacturer. Conversations were directed toward the research question, but free-flowing, and evolved over time to include some areas not initially anticipated, particularly around the area of culture, which became an important part of the model. Extensive notes and recordings were taken at each interview. Notes were reviewed during the afternoon and evening following each meeting. The model was revised with some parts discarded, others added, and some discarded parts re-added as the meetings progressed. A meeting was requested with a third dealer who was large but somewhat less progressive in order to find failings of the model that was emerging. The model was adjusted slightly. Following the dealer visits, two more conversations were had with dealers by phone and the process of analysis and revision repeated. The model that emerged from these conversations was vetted with a marketing consulting firm who works in the agribusiness industry and with the manufacturer in order to triangulate the findings. The modified model was circulated among a small group of dealers and manufacturers, then presented to a group of dealer leaders for verification and revised for a final time.

## **Background**

Historically, the marketing channel in the agricultural equipment industry has left most marketing activities within the hands of manufacturers who have developed strong brands by closely managing the messages about the value created through their equipment. Dealers have historically managed the distribution and sales functions at the end-user level, but have not had the need or expertise for marketing strategy to play an important role in the success of their dealership. A single marketing message works well when there is relative homogeneity among targeted customers, but today's dynamic marketplace may require dealers to play a more strategic role in the marketing process. Integrating marketing efforts between manufacturers and dealers offer benefits of clearer messaging, more efficient use of resources, and more consistent experiences for customers.

At a time when customers were all very similar, a manufacturer could come up with a single marketing message that would resonate across the majority of customers in all market areas and rely on dealers to demonstrate product attributes and facilitate delivery. Today though, the dealer plays an active role in selecting and communicating marketing messages to individuals in smaller segments or one-on-one with larger customers. Where previously dealers were part of a distribution system, today dealers are marketers, delivering a message in the marketplace that emphasizes the value created by the manufacturer as well as the value the dealer creates uniquely. The consistent message for customers that the dealer must emphasize is not about products, but about using knowledge gained through relationships to select the products and expertise that will be most valuable.

As they have grown and moved from a value delivery mechanism to a value creation role, many dealers can justify focused, strategic market planning of their own and have brought resources to management functions within the dealership to support that, including marketing and related areas like sales management, IT, and human resource functions that may have traditionally been provided by outside professionals or neglected entirely.

What dealers are selling today is much less about the "iron" or units sold than it is about how the customer uses the product to be more efficient, productive and profitable in their business. This is a very different perspective than when dealers were simply selling equipment and keeping it running. Today, dealers must know which segments of customers are the best fit for the sophisticated solutions they bring, and must know which information is most important to pass through to the manufacturer. And they must accomplish both of these roles while communicating their value to the market and capturing revenue for that value, even beyond equipment that has close substitutes in the marketplace. In the face of stiff competition, marketing similar products to a group of growingly sophisticated customers, while coordinating messages with a manufacturer, can be a challenge. Dealers must position themselves carefully across points of difference that matter to their customers or gradually lose market share to those who do this effectively, and they must do so without contradicting the messages from manufacturers. These activities all take place within a dynamic industry that is driven by environmental forces that affect all food production businesses.

Specifically, there are three major factors that are affecting the agricultural equipment industry today (for manufacturers and dealers).

1. World population hit 3.5 Billion people in 1968 and doubled by 2011 (Worldbank, 2012). These people need to eat and the demand for food, and higher quality, calorie dense foods (meat) is higher than in past years, contributing to higher grain prices for farmers (Trostle, 2008). At the same time there are limited resources of energy, water, and nutrients. Limited resources during times of higher demand are affecting markets for food, energy, and water and have resulted in higher prices for commodity foods, providing farmers with cash to make equipment purchases which are incented by current tax laws. Political unrest about standards of living and concerns about food safety have occurred all over the world, raising awareness of food production and practices. Higher input costs and concerns about sustainability shape the need for more efficient tools in the field.
2. Technology is being integrated into agricultural equipment. Decisions about what to plant have moved from a field by field analysis toward a seed by seed analysis. To take advantage of the best genetics, fertility, and pest management systems requires new tools. Developments in measurement and tracking systems, automation, and communication provide greater opportunities to manage time, financial, and operating resources more effectively in order to produce more food at lower costs. At the same time, the speed of advancement in use of technologies has resulted in short lived technological advantages between suppliers, resulting in strong perceptions of product parity among farmers.
3. Driven by aging farm demographics, high land prices, and need for efficiency, farm ground is being consolidated among fewer entities today. Larger farms can mitigate weather risk by spreading across larger geographies and can spread fixed costs for equipment across more acres to more efficiently utilize capital. Because of their larger size, these producers have more power in the marketplace, often expand beyond traditional dealer geographies, and are more likely to demand support from manufacturers directly. In response, dealers have consolidated, managing wider geographies and serving larger pools of acreage at the same time as they have had to maintain traditional services for smaller farms. With fewer dealers and fewer customers, the competition for each buyer has become cutthroat.

The emergence of clear market segments as a result of consolidation and many other factors that examine farm customers and their buying decisions have been studied by others (Roucan-Kane, et al., 2011; Boehlje & Roucan-Kane, 2009; Harbor et al., 2008; Kool, Meulenbergh, & Broens, 1997). Farmers generally see significant differences in the quality of service and information between dealers in the marketplace (Alexander et al., 2008). However, when input dealers were asked how much difference they thought exists in the quality of information among dealers, dealers themselves believed that differences were much greater than what farmers perceived (Suttles, 2009). Clearly there is a gap between what dealers believe about the marketplace and how it is perceived by the farmers they serve. This difference also extends to differing views about farmers' perceived value of their relationships with dealers and manufacturers, typically preferring the local relationship over the representatives of the manufacturer (Alexander et al, 2009). Understanding how a system may be structured to integrate these efforts may help to eliminate some of the gaps that exist in perceptions.

## **Results**

A systems approach to thinking about issues related to integrated marketing is different than a simple causal model. Causal models lead easily to quick decisions, the kinds humans have adapted to deal with very effectively. A car coming at you when you're crossing the road doesn't require much reflection or contemplation. You know to jump out of the way. However, as decisions become more complex, the models necessarily become more complex too (Kirkwood, 2010). A model of integrated marketing shows functional connections and interactions within the dealer organization that are necessary in order to coordinate marketing efforts with those of the manufacturer.

The choice of the word, "integrated," begs the question as to what will be integrated. Perspective matters in the answer to this question. There are clearly three different voices that must be considered in integration. Customers' views of manufacturer and dealer clearly show differences, but the majority of responses from customers combine their views of the equipment manufacturer and dealer to form opinions. Dealers see themselves as the front lines and owners of the contact with buyers. Their views of integration are generally defined around the manufacturer respecting their knowledge of the customer and marketplace. Manufacturers tend to view dealers as a somewhat subservient group charged with a specific function of moving the product, and express views of integration around dealers, "getting in line" with the manufacturer's programs.

## **Proposed Model**

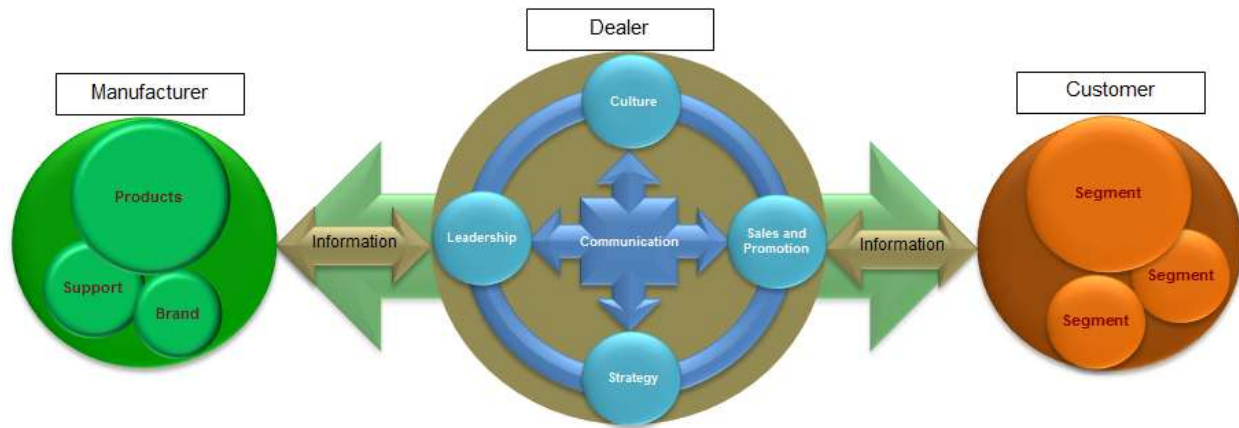
"A good performance model, like a good scientific theory, is able to explain available observations and predict future circumstances, while abstracting unimportant details." (Foster, 1995)

The adoption of integrated marketing among dealers exists on a continuum from those who have no capabilities or enrollment in the approach to those who are experts. An integrated marketing model is only useful if it can be adopted within the dealer's approach to the marketplace, independent of ideal inputs from the manufacturer or ideal responses from customers. This model was developed with input from several dealers based on their descriptions of effective activities within their dealerships.

Because the dealer function is to be the sales arm for the manufacturer, dealer organizations are by their nature sales organizations. All marketing activity is reflected through the sales effort. Even promotional activities (included in the model as information to the customer) are completed only when a sale occurs. Therefore, all activities observed by customers in the integrated marketing model are transmitted through the sales function. Note that this is a functional representation, not an individual one. Individuals may communicate through non-sales, operational activities with customers outside of the model. The collective perspective of all interactions the customer has with the dealership – direct or indirect, through marketing or operations – are perceived as the dealership's brand. Brand perceptions are the cumulative exposure from dealer's integrated marketing efforts, their operational performance in the field,



and even communications with people outside of the dealer organization (which includes other customers, non-customers, the manufacturer, and any other input).



**Figure 1. Dealer Integrated Marketing Model**

Integrated marketing begins with integrating the dealer and customer. This entails a view of the market as clearly distinct segments of customers. The segments should be groups of customers who respond similarly to an offer, but who respond differently from other segments. While many segments may exist in a dealer's area of responsibility, the dealer must prioritize the top three to five segments for which they will dedicate resources and develop individual, but consistent approaches to the messages and methods for reaching each segment.

The sales component of integrated marketing represents the dealer's one-on-one interactions with customers. Some of the decisions included here are the frequency of contact, the degree of personalization of each contact, the planning and strategic intent of each contact, and the approach to value as a range from transactional (product focused) to consultative (customer focused). Promotional activities are those that communicate en masse with a segment of customers. It is expected that integrated marketers know which of these tools will serve them best in various marketing situations. Those decisions should be made strategically.

While decisions for how to sell and promote may be determined strategically, they are also influenced by the culture of the dealership. Dealers that develop (and can afford) a culture of high levels of personal contact with all customers may utilize selling activities relatively more than organizations who are more efficient with their marketing. Culture, ideally, stems from the dealership's leaders who establish a clear vision for the level of contact they would like to have with customers and communicate that to their staff. Culture may be thought of the informal mechanisms by which the leaders of the dealership may set organizational direction. Culture can be measured in the attitudes of employees and as artifacts (heroes, stories, and recognitions) that are celebrated in the heritage of the company.

Leadership drives both culture and strategy. It stems from a vision for the future that is developed intentionally by the executive team. That vision should be shaped with input (information) from staff, customers, and the manufacturer about the scope of opportunity that exists in the market area. The vision should be consistent with global marketing efforts of the

manufacturer, tailored to the uniqueness of the market area being served by the dealer. The vision should be communicated throughout the dealership, with an eye toward embedding it in culture (informally) and directing strategy (formally). The reward systems of the dealership should support the vision. The company's brand should be a mental image of the vision in a dealership that practices effective integrated marketing.

Strategy consists of three steps: A determination of the desired state metrics, an assessment of the current state on those same metrics, and a plan for allocating resources to bridge the gap between the two. Metrics should not only include outcomes (revenues, market share, margins), but also inputs like call frequency, call strategy, customer satisfaction/retention, customer awareness, cross-selling, and referrals. Strategy should be shaped by the vision of the leadership, input from staff of the dealership and customers to determine the current state. The resources to be allocated for integrated marketing include tools for communicating with customers. These include sales and promotion messages that are communicated to targeted segments. They may also include training and incentives.

Information is probably the most important factor in an integrated marketing approach. In the modern era, tangible products and services are commoditized. Those dealers who transmit information to customers most effectively are those who will be most successful longer term. This isn't just marketing information, it is information that drives customer decision-making, information that helps them locate, sort through, prioritize and interpret information about their OWN organizations. Therefore, information must flow in two directions, from the customer through the dealer and back to the manufacturer, as well as from the manufacturer, through the dealer, on to the customer. This information is transmitted through the communication system.

Communication drives the integrated marketing model – to and from the manufacturer, to and from the customer, and internally in the dealership. The vision of leaders must be shared with others (communicated) in the dealership in order to shape culture, and drive strategy. The strategy must also be shared with others in the dealership in order to determine sales and promotional approaches. Sales and promotional approaches must effectively communicate the company's points of differences with targeted customer segments.

However, communication is not unidirectional. Sharing information that flows back from the customer to others in the dealership is key, as is sharing information about customers with the manufacturer. Sharing information with the manufacturer drives the support activities coming from the manufacturer and are ultimately used to drive innovation and production. Information observed from salespeople MUST be shared with leaders in the dealership so that they may make internal decisions for the dealership and share the information they prioritize as important for the manufacturer. Sharing knowledge about the customer must be part of the culture, it must drive strategy, and it must be sought out by leaders in shaping the vision for the dealership. This is done by using market research and datamining techniques which are supported by the manufacturer.

Strong communication requires feedback to ensure that messages have been understood clearly. Therefore, strong integrated marketers must solicit feedback on their marketing messages from

customers, staff, and the manufacturer. That feedback provides input into the leadership and strategy processes so that marketing resources can be allocated effectively and efficiently.

### **Theoretical Support**

Research in the area of integrated marketing offers diverse perspectives of the term, but most often integrated marketing is considered as integrated marketing communications (IMC). In this area of theory, integrated marketing seeks to coordinate and leverage messages sent to buyers from a variety of media into stronger brand perceptions or positions. However, communication is only one component of marketing. Integrating functions like sales, public relations, advertising, along with segmentation, branding, pricing, product mix, and distribution decisions clearly requires a broader definition of integrated marketing than just communication.

This discussion will review literature on integrated marketing from two perspectives. The first perspective considers the market and relationship oriented thinking that helped changed the definition of marketing as an outbound initiative toward one in which marketing leads customers toward a singular perspective of the firm. The second perspective will consider how this integrated view of marketing affects functional disciplines like organizational culture, promotions, branding, and sales. This discussion will then lead to a proposed model for integrated marketing at the dealer level.

### **Market and Relationship Orientation**

Integrated marketing is not a new area of study. As early as 1920, Haney suggested that advertising by itself often overwhelmed buyers and was thus more effective when there was strong integration between manufacturers and retailers (Haney, 1920). Leaders like marketer, Phil Kotler, have weighed in on the topic, pointing out that “Although a company or division may have a top-notch sales force, if salesmen aren’t selling the right products and services to the right customers, their energy counts for little,” (Kotler, 1977, p. 67). Other authors have described integrated marketing in terms of themes that should drive marketing decisions. The first theme is that marketing must target specific offers to specific audiences, the second is that marketing should take a long term, multi-dimensional view of customers as complex entities, and the third is that marketing should be considered in terms of every touchpoint in which the brand and customer interact, rather than just thinking of marketing as advertising or media (Calder & Malthouse, 2002). This view of marketing suggests that integrated marketing is about a customer experience with the brand, and that marketing is ultimately the horse that carries a corporate strategy to the customer.

The customer view is a great place to begin the discussion of integrated marketing. Research on market-driven or market-oriented organizations that precedes the modern view of integrated marketing suggests that marketers must put customers’ interests before products; generate, disseminate and use information about customers and competitors; and coordinate resources across the organization to create value for customers (Day, 1994). A customer-centered view of this effort has the company involved in the customer’s strategic planning process in order to better suggest solutions and understand the information stream in order to insert effective messages (Maddy & Kealy, 1998). Gronroos indicates that the discussion around a company’s effort to integrate marketing efforts toward a relational view of the customer by itself biases the

process toward the company. Ultimately, the customer's preferences for how they are offered products and how they buy through transactions or relationships must also be considered by marketers (Gronroos, 2004). In other words, it is worth asking whether or not customers prefer an integrated, proactive approach to marketing, or would rather seek out products, services, and information only when they require them. The answer to this question depends in part on how they perceive the value emanating from the marketing channel and use it in their decision making processes.

While formal industrial purchasing processes may deviate slightly by letting bids or negotiating contracts, the basic decision making process is a five stage model that begins with problem recognition, moves on to a search for information to solve a particular problem and an evaluation of choices in that consideration set before a purchase decision is made. Typically that decision is also evaluated sometime after the purchase (Kotler & Keller, 2009). The usage and satisfaction appraisal that follows the purchase may lead to sharing experiences with others or seeking out additional contact with the firm for operational support or future purchases (Moore & Thorson, 1996).

To be in the consideration set, the buyer must be aware of the firm and accept its value proposition as worthy (Moore & Thorson, 1996). Issues relating to the psychology of how this evaluation takes place (along with organizational issues and metrics) seem to be consistently addressed in research on integrated marketing (Lutz, 1996). Perceptions are formed based on evaluations of many different inputs. Marketing communications may be relatively less valuable in the formation of perceptions than personal friendships, the views of experts, and sources that are not attached to the offering. Human beings are excellent at screening out messages that they see as irrelevant and paying attention selectively to the things that interest them most. Attention is usually given in temporal proximity to a need or when something stands out as a large deviation from expectations (newsworthy or surprising stories tend to get our attention). Perceptions are usually organized to support existing viewpoints, which are often more strongly convicted with strong brands (Kotler & Keller, 2009). The Elaboration Likelihood Model indicates that buyers may tune out inputs that are routine in favor of purchase heuristics, but will become more involved when their thoughts are stimulated (Petty & Cacioppo, 1981). This lends support for the utilization of salespeople in the sales process for large purchases, where the consequence of a poor decision requires the attention of the decision maker. Smaller purchases, like parts, may be made more routinely. The urgency of some service issues will have a customer's attention, where maintenance may receive less attention. Information that is necessary to accomplish an immediate objective may receive attention, where unsolicited information may not.

Integrating the marketing efforts of a dealer and a manufacturer requires understanding the role that each plays in the decision process of the customer and executing those roles throughout the marketing system. While dealer salespeople are involved in the elaborated decision analysis for equipment, the more general messages that build awareness are traditionally presented with strong visibility of the manufacturer. Effective branding requires consistency such that coordination of these two aspects of marketing, sales and advertising, is paramount. This is sometimes difficult to accomplish with in a dealer's sales force. Salespeople are often attracted to the profession because of the opportunity for independence. Their conversations with

customers often take place out of earshot of any supervisors, and therefore communicating consistent messages across sales interactions requires knowledge of the intended message and a desire on the part of salespeople to communicate it. The desire to work in this manner is often dependent on the culture of the organization.

### **Integrated Marketing within the Dealer Organization**

Organizational issues are perhaps the most difficult for managers to address. An integrated marketing “culture” is considered one in which the company places equal meaning on information about both customers and competitors, in order to make marketing decisions (Heiens, 2000). In a discussion about IMC, Hutton points out that all marketing, public relations and advertising communications should be integrated. It only makes sense to invest resources with a unified message directed to a targeted segment of customers. The “more meaningful debate” is whether the organizational structure and authorities should be integrated around the company’s marketing efforts (Hutton, 1996). Within channel relationships this has sometimes even resulted in resistance (O'Brien, 1994). Some of the challenges of integrated marketing include casting too broad or narrow of a net within the organization, mistakenly assuming that coordinated efforts will create synergy, or assuming that messaging – whether in advertising, positioning or branding – will carry the effort.

To counter some of these organizational challenges it is important to recognize the customer as the driving force of the organization rather than any product or service. Rather than a manufacturer developing a design on their own, those closest to the customer are assigned tasks that gather and concentrate the customer’s voice as an ongoing effort, not as a singular campaign (O'Brien, 1994). The sales force and operational people who interact with customers therefore become the critical path for information that drives an integrated marketing effort. In successful integrated marketing organizations, the members of the organization see their roles as discovering the goals and challenges faced by the customer and innovating solutions rather than taking products created by others and applying them to various customer circumstances. This organizational model is well researched as market orientation.

### **Culture and Strategy**

Firms with strong market orientation tend to develop cultures that are geared toward learning (Hurley & Hult, 1998). Edgar Schein is perhaps the most influential thinker on the topic of organizational culture. He defines culture as the accumulated learning of a group of people (Schein, 1988). It is evident in the beliefs, values, and artifacts of an organization (where artifacts are things like celebrations, recognitions, and traditions). Extrapolating from this definition, we may define culture as the unwritten rules that guide individual members in an organization. This definition is paradoxical in that managers who seek to create culture must do so without utilizing policy tools. Sometimes the beliefs, values, and artifacts of an organization are consistent with the strategic choices made by managers, but many times they are not, and in any event, managers cannot change culture merely by posting a new set of cultural guidelines.

This does not mean that managers cannot influence culture. The strategic decisions about how a manager will use resources in order to accomplish objectives have a marked impact on the organization. Rewards and recognitions, disciplinary actions, hiring, training, monitoring, and leadership are all tools that are driven by strategy decisions but influence culture. However,

culture is also influenced by gossip, politics, tradition, and influential people inside and outside of the organization. Culture is ubiquitous and not easily changed, but once the foundations of how culture is manifest are understood, managers can drive an integrated marketing culture with strong leadership (Schein, 1988).

Culture can be a strength or a limitation. Core cultural competencies that help an organization grow and become successful can also become “core rigidities” that limit the organizations ability to adapt (Slater & Narver, 1995). Organizations must therefore gather information, share it across the organization, and have a common understanding of what the information means (knowledge). This common understanding is a shared vision. When combined with role clarity it provides a clearly defined and shared vision of what a “good opportunity” looks like for that dealership. While this opportunity would historically have been defined around a product sale, in an integrated marketing culture, the definitions of opportunity are based on knowledge of customers that is shared across the organization.

### **Shared Knowledge**

Sharing knowledge takes place at two levels with an integrated marketing approach. The tactical level is the external, customer-facing, micro aspect of integrated marketing, and the strategic level is the broader, internal, macro aspects of integrated marketing (Keller, 2001; Reid, Luxton, & Mavondo, 2005; Holm, 2006).

Knowledge sharing at the tactical level includes the communication efforts with customers (advertising, promotions, web presence, public relations, direct mail, social media or other tools) and the outbound sales efforts. Promotional mix optimization is beyond the scope of this report, but it should be noted that this area is an important component in all descriptions of integrated marketing. Promotional mix optimization should be built around consistent messaging that is aligned with the unique needs of the target segment. However, the cultural component of this task requires promotional messages to be delivered internally as well as externally. Organizations who fail in this measure rarely possess the cultural structure necessary to achieve marketing integration (Fill, 2001).

The repeated messages that customers perceive become brands. Clear, shared vision and strong branding appear to correlate (Reid, 2002). Strong brands have clear symbols, clear vision, and strong recognition (Reid, Luxton, & Mavondo, 2005). It should be obvious that a brand represents a different culture – one that arises between the customer and the dealership. This culture is the unwritten promises of a company – for performance, or selection, or knowledge, or any message the dealer selects. In an integrated marketing environment, the dealer selects that message that is consistent with that of the manufacturer, and consistent with the primary goals of the target market. That message is then reinforced (or undermined in the case where individuals in the organization are not engaged with the culture) with every interaction the customer has with the dealership – from interactions across a counter, to support in the field, to messages on billboards, or even stories from friends. Branding is not difficult, but it must be created intentionally, and delivered consistently, over time (Badrinarayana, Madhavaram, & McDonald, 2005).

The second tactical area is the sales process. The knowledge that is most useful for salespeople in an integrated marketing environment is knowledge of customers' individual habits, goals, and needs that allow the salesperson (or operations person in the case of those with customer-facing service responsibilities) to adapt their presentation, style, or service interaction to the unique needs of the individual client. This knowledge, combined with task proficiency results in confidence to act on opportunities in a proper reward environment. In an integrated marketing model, communication efforts are used to drive customer interest in messages that come from the sales force. Research in this area has shown that the timing of sales efforts relative to specific messages generated uniquely for specific target markets is one key aspect of integration. The longer the sales call takes place after the message is delivered, the lower the conversation rate (Smith, Gopalakrishna, & Chatterjee, 2006). Shared information from within the organization may be just as critical as information come from outside of it.

The strategic level integrated marketing decisions set the direction of the organization. Several researchers have identified four phases of how strategic marketing integration within the organization evolves. In the first phase, tactical messages are coordinated in a manner that is consistent with the organizations cultural values. In phase two, the organization begins to take an "outside-in" perspective, drawing knowledge gained by the customer-facing parts of the organization about customers to determine its marketing communication. In phase three, the organization begins to capture and use information about customers that it shares across the organization as knowledge that drives activity. The final phase integrates strategic and financial aspects of the dealership such that all marketing activities are associated with financial metrics (return on investment) (Reid, Luxton, & Mavondo, 2005; Schultz, 1998).

In a market oriented, integrated organization, strategic issues addressed by the firm include a focus on customers and competitors, inter-functional coordination within the organization, and a profit focus (Reid, Luxton, & Mavondo, 2005). While profit is not explicitly addressed in the proposed model of integrated marketing, the intersection between various marketing components and the communication required to coordinate them is.

### **Implications**

Marketers anticipate the needs and wants of targeted customers and manage the process through which these needs and wants are satisfied profitably. To do so requires proactively determining what customers want and need in time to have it ready for them when they want and need it. Issues like dealing with data that comes off of equipment so that it can be translated to knowledge lead the customer if dealers anticipate their importance. Integrating the value created by the manufacture with needs that the customer may not even be aware of is the essence of integrated marketing. It requires that the dealer actively transfer information that comes from two directions and organize their businesses to facilitate that process.

A key component of this integrated marketing process is that the dealer be able to effectively segment their customer's based on their needs. Resources in a dealer's organization and in a manufacturer's organization are limited and must be optimized around the needs of specific customers. The diversity of farm businesses and the

opportunities that arise with these consolidating entities requires that this be done in close proximity to the customer. Dealers must have the capabilities to recognize opportunities within segments, develop strategies that create sales and marketing efforts that reach them and support cultures that value serving each segment uniquely. It is likely that this effort will require training at the dealer level in order to create an awareness of marketing tools that can be used in order to effectively reach those.

Many of the dealers use the same tools and methods that have always worked and although they are beginning to recognize differences between the segments have not adopted strategies or cultures that effectively reach them. That many of the dealers make no real distinctions between marketing and sales demonstrates the opportunity that closer integration may bring. Manufacturers must look at opportunities broadly in order to design solutions that are meaningful to large groups of customers. As dealers have grown, they have reached a size where they also have large groups of customers and must adapt approaches to use marketing tools in addition to sales. Capturing information from customers and using that information as input to manufacturers and their own decision making will be key. Taking a longer term view than a single sales cycle, will be a necessary step in integrating the effort to coordinate activities within the dealership to align with manufacturer's perceptions of technology and the farm businesses who use it.

When a dealer operated in a single location as the representative of a manufacturer's brand, there was no need to worry about messaging or branding the dealership. With product parity and in-line competition for producers whose operations cross over traditional dealer territories, dealers must develop a reputation or brand that aligns with but is not entirely subsumed by the manufacturer. The dealer must stand for something beyond the products they bring if they are to create opportunities with information and service that are not closely tied to that manufacturer. This requires alignment within the dealer organization so that both strategy and culture lead to positive, intentional positioning in the marketplace.

Historically, marketing was driven by the uniqueness of the manufacturer's product. Today, the focus must be on the unique understanding of customers. The dealer who accomplishes this most effectively and the manufacturer who best creates incentives for the dealer to prioritize and pass on this information will be most successful.

This research brings several opportunities for further study. Finding ways to quantitatively define and test the impact of culture as distinct from strategy could lead to methods for agribusiness managers to more effectively guide their organizations. Modeling the information flow between the various partner levels in the marketing channel and the customers they mutually serve would also provide rich opportunities for impacting both farmers and agribusiness equipment providers. Exploring whether this model applies to other agribusiness firms, seed retailers and seed suppliers or chemical companies, for example, would be an interesting extension of this research. Determining how the integration model differs for dealers who carry multiple manufacturer lines is also an important future direction of this research.



The agricultural equipment industry is poised for continued changes as technology evolves. It is exciting for farmers to have the capability to gather and capture information from their fields, to tailor their approach to farming at the level of each individual seed or animal and to maximize its performance with a minimal amount of inputs in a long term, sustainable way. To adapt to this exciting set of opportunities will require a marketing systems that is effective in helping communicate the value of these tools and to transfer feedback about their implementation throughout the organizations that bring them to market.

## **References**

- Akdeniz, M. B, Gonzalez-Padron, T., & Calantone, R. J. (2010). An integrated marketing capability benchmarking approach to dealer performance through parametric and nonparametric analyses. *Industrial Marketing Management*, 39(1), 150-160.
- Alexander, C., Boehlje, M., Downey, W. S., Gray, A. Gunderson, M. & Roucan-Kane, M. (2009). *Serving producers in volatile times: Themes from the 2008 large commercial producer survey*. West Lafayette, IN: Dept. of Agricultural Economics, Purdue University.
- Badrinarayana, V., Madhavaram, S., & McDonald, R. E. (2005). Integrated marketing communication (IMC) and brand identity as critical components of brand equity strategy. *Journal of Advertising*, 34(4), 69-80.
- Bitsch, V. (2005). Qualitative research: A grounded theory example and evaluation criteria, *Journal of Agribusiness*, 23(1), 75-91.
- Boehlje, M. & Roucan-Kane, M. (2009) Strategic decision making under uncertainty: Innovation and new product introduction during volatile times. *International Food and Agribusiness Management Review*, 12(4), 199-219.
- Calder, B. J., & Malthouse, E. C. (2002). What is integrated marketing. In D. I. (Eds)., *Kellogg on Integrated Marketing* (pp. 6-15). Evanston, IL: John Wiley and Sons.
- Day, G. S. (1994). The capabilities of market-driven organizations. *Journal of Marketing*, 58(4), 37-52.
- Fill, C. (2001). Essentially a matter of consistency: Integrated marketing communications. *The Marketing Review*, 1(4), 409-425.
- Foster, I. (1995). *3.3 Developing Models*. Retrieved May 26, 2011, from Designing and Building Parallel Programs  
<http://www.mcs.anl.gov/~itf/dbpp/text/node29.html>
- Geiger, S. & Turley, D. (2003). Grounded theory in sales research: An investigation of salespeople's client relationships. *The Journal of Business & Industrial Marketing*, 18(6/7), 580-594.
- Goulding, C. (1999). Grounded theory: Some reflections on paradigm, procedures and misconceptions. Accessed January 6, 2012 from [www.wlv.ac.uk/pdf/uwbs\\_wp006-99%20goulding.pdf](http://www.wlv.ac.uk/pdf/uwbs_wp006-99%20goulding.pdf).
- \_\_\_\_\_. (2005). Grounded theory, ethnography and phenomenology: A comparative analysis of three qualitative strategies for marketing research. *European Journal of Marketing*, 39(3/4), 294-308.
- Gronroos, C. (2004). The relationship marketing process. *The Journal of Business & Industrial Marketing*, 19(2), 99-113.
- Haney, L. H. (1920). Integration in Marketing. *The American Economic Review*, 10(3), 528-545.
- Harbor, A., Martin, M. A. & Akridge, J. T. (2008). Assessing input brand loyalty among U.S. agricultural producers. *International Food and Agribusiness Management Review*, 11(1), 17-33.
- Heide, J. B. (1994). Interorganizational governance in marketing channels. *Journal of Marketing*, 58(1), 71-85.
- Heiens, R. A. (2000). *Market orientation: Toward an integrated framework*. Retrieved June 1, 2011, from Academy of Marketing Science Review  
<http://www.amsreview.org/articles/heiens01-2000.pdf>

- Hingley, M. K. (2005). Power to all our friends? Living with imbalance in supplier-retailer relationships. *Industrial Marketing Management*, 34(8), 348-358.
- Holm, O. (2006). Integrated marketing communication: From tactics to strategy. *Corporate Communications*, 11(1), 23-33.
- Hurley, R. F., & Hult, T. F. (1998). Innovation market orientation and organizational learning: An integration and empirical examination. *Journal of Marketing*, 62(3), 42-54.
- Hutton, J. G. (1996). Integrated marketing communications and the evolution of marketing thought. *Journal of Business Research*, 37(3), 155-162.
- Keller, K. L. (2001). Micro and Macro Perspectives on Integrated Marketing Communication Programs. *Journal of Marketing Management*, 17(9), 819-848.
- Kirkwood, C. W. (2010, May 5). *System Dynamics Methods: A Quick Introduction*. Retrieved June 1, 2011, from Arizona State University <http://www.public.asu.edu/~kirkwood/sysdyn/SDIntro/SDIntro.htm>
- Kool, M., Muelenberg, M. T. B. & Broens, D. (1997). Extensiveness of farmers' buying processes. *Agribusiness*, 13(3), 301-318.
- Kotler, P. (1977). From sales obsession to marketing effectiveness. *Harvard Business Review*, 55(6), 67-75.
- Kotler, P., & Keller, K. L. (2009). *Marketing Management*, (13<sup>th</sup> ed.). Upper Saddle River, NJ: Pearson Education, Inc.
- Lambert, D. M. & Cooper, M. C. (2000). Issues in supply chain management. *Industrial Marketing Management*, 29(1), 65-83.
- Lutz, R. J. (1996). Some general observations about research on integrated marketing communications. In E. Thorson, & J. Moore, *Integrated Communication: Synergy of Persuasive Voices* (pp. 355-367). Mahway, NJ: Lawrence Erlbaum Associates.
- Maddy, D. J., & Kealy, L. J. (1998). Integrating a marketing mindset: Building extension's future in the information marketplace. Retrieved June 1, 2011, from *Journal of Extension* <http://www.joe.org/joe/1998august/comm1.php>
- Marzec, E. (2011, June 2). *How to create a business model*. Retrieved June 2, 2011, from ehow.com: [http://www.ehow.com/how\\_5623552\\_create-business-model.html](http://www.ehow.com/how_5623552_create-business-model.html)
- Moore, J., & Thorson, E. (1996). Strategic planning for integrated marketing communications programs: An approach to moving from chaotic toward systematic. In E. Thorson, & J. Moore, *Integrated Communication: Synergy of Persuasive Voices* (pp. 135-152). Mahway, NJ: Lawrence Erlbaum Associates.
- O'Brien, R. (1994). Tales from the trenches: Integrated communications stories. In C. Faure, L. Klein, & (eds), *Marketing Communications Strategies Today and Tomorrow: Integration, Allocation and Interactive Technologies* (pp. 19-21). Cambridge, MA: Marketing Science Institute.
- Petty, R. E., & Cacioppo, J. T. (1981). *Attitudes and persuasion: Classic and contemporary approaches*. New York, NY: McGraw-Hill.
- Reid, M. (2002). Building strong brands through the management of integrated marketing communications. *International Journal of Wine Business Research*, 14(3), 37-52.
- \_\_\_\_\_, Luxton, S., & Mavondo, F. (2005). The relationship between integrated marketing communication, market orientation, and brand orientation. *Journal of Advertising*, 34(4), 11-23.
- Ridgeway, V. F., Administration of manufacturer-dealer systems, *Administrative Science Quarterly*, 1(4), 464-483.

- Roucan-Kane, M., Alexander, C. Boehlje, M. D., Downey, W. S. & Gray, A. W., Large commercial producer market segments for agricultural capital equipment. *International Food and Agribusiness Management Review*, 14(4), 127-144.
- Schein, E. H. (1988). *Organizational culture*. Retrieved June 6, 2011 from Massachusetts Institute of Technology  
<http://dspace.mit.edu/bitstream/handle/1721.1/2224/SWP-2088-24854366.pdf?sequence=1>
- Schultz, D. E. (1998). Determining how brand communication works in the short and long terms. *International Journal of Advertising*, 17(4), 403-426.
- Slater, S. F., & Narver, J. C. (1995). Market orientation and the learning organization. *Journal of Marketing*, 59(3), 63-74.
- Smith, T. M., Gopalakrishna, S., & Chatterjee, R. (2006). A three-stage model of integrated marketing communications at the marketing-sales interface. *Journal of Marketing Research*, 43(4), 564-579.
- Suttles, J. (2007). An assessment of agronomic input suppliers perceptions of farmer attitudes and the influence on financial performance. Accessed January 8, 2012 from <http://docs.lib.purdue.edu/dissertations/AAI1470181/>.
- Trostle, R. (2008). Global agricultural supply and demand: Factors contributing to the recent increase in food commodity prices. Accessed January 6, 2012 from [www.ers.usda.gov/Publications/WRS0801/WRS0801.pdf](http://www.ers.usda.gov/Publications/WRS0801/WRS0801.pdf)
- Worldbank (2012). World population reaches 7 billion. Accessed January 6, 2012 from <http://www.worldbank.org/wb/timeline/2011.htm>

