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Marketing management capabilities and price setting: An empirical analysis in the EU traditional food sector

A. Banterle, A. Cavaliere, S. Stranieri, L. Carraresi

Department of Agricultural, Food and Environmental Economics,
Università degli Studi di Milano, Italy
e-mail: alessandro.banterle@unimi.it, alessia.cavaliere@unimi.it, stefanella.stranieri@unimi.it, laura.carraresi@unimi.it

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A. Banterle, A. Cavaliere, S. Stranieri, L. Carraresi [1]

Department of Agricultural, Food and Environmental Economics,
Università degli Studi di Milano, Italy
e-mail: alessandro.banterle@unimi.it, alessia.cavaliere@unimi.it,
stefanella.stranieri@unimi.it, laura.carraresi@unimi.it

Abstract. In the EU, small and medium sized enterprises (SMEs), which constitute the majority of firms in the food industry, are fighting for survival as they face growing market competition from large firms (Knight, 2000). On the other hand, market opportunities for SMEs are connected to the evolution of consumer preferences toward food quality, especially for traditional food products (O'Reilly and Haines, 2004). To profit from such opportunities SMEs need to adapt their strategies, focussing on consumer requirements and improving their marketing activities. The purpose of this paper is to evaluate the marketing capabilities of SMEs producing traditional food products. Following the theoretical approach of Market Orientation (Kara et al., 2005; Jaworski and Kohli, 1993), our analysis is based on an assessment of the marketing management process (Kotler, 2004). The methodology refers to a survey made by a questionnaire published on the web, and a sample of 371 firms coming from Belgium, Italy, Spain, the Czech Republic, and Hungary. Cluster analysis was applied to find different levels of the firms' market orientation. Moreover we used an ordinal regression model to explain the relationships between the ability of firms to influence the price and the variables affecting marketing management capability. The results revealed a certain lack of appropriate skills in the analysed firms' marketing management, confirming literature evidence concerning SMEs. Nevertheless, cluster analysis outlined a group of firms that represent 40% of the sample, and these have good marketing capabilities and are market oriented. In addition, the firms show poor ability to influence price.

Keywords: traditional food products, marketing capabilities, ordinal regression model.

1. Introduction

In the EU, small and medium sized enterprises (SMEs), which constitute the majority of firms in the food industry, are fighting for survival as they face growing market competition from large firms (Knight, 2000). On the other hand, market opportunities for SMEs are connected to the evolution of consumer preferences toward food quality, especially for traditional food products (O'Reilly and Haines, 2004). To profit from such opportunities SMEs need to adapt their strategies, focussing on consumer requirements and improving their marketing activities.

The purpose of this paper is to evaluate the marketing capabilities of SMEs producing traditional food products (TFPs). Following the theoretical approach of Market Orientation (Kara et al., 2005; Jaworski and Kohli, 1993), our analysis is based on an assessment of the marketing management process (Kotler, 2004).

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[1] Corresponding author S. Stranieri (tel +39-02-50316460, fax +39-02-50316486). The paper was conducted within the framework of the European research project TRUEFOOD – "Traditional United Europe Food". This is an Integrated Project financed by the European Commission under the 6th Framework Programme for RTD (Contract n. FOOD-CT-2006-016264). The information in this document reflects only the author's views and the Community is not liable for any use that may be made of the information contained therein.

The paper is organized as follows: section 2 provides the conceptual framework of the analysis; section 3 describes the method and the empirical model utilized; in section 4 the results of our empirical analysis are presented and in section 5 the concluding remarks are set down.

2. Economic framework

2.1. Marketing management process

The marketing management capabilities are based on a well-performed marketing management process that consists of analysing market opportunities, formulating clear marketing objectives, and developing a marketing strategy that should be implemented and controlled (Kotler, 2004). Therefore, evaluating marketing capabilities of the firms means to analyze if they apply an appropriate marketing management process.

The marketing management process consists of four stages (Kotler, 2004; Bagozzi, 1998; Padberg et al., 1997): market research, marketing strategy, planning and implementation, control and evaluation.

The objective of market research is to collect information to analyze the competitive environment where the firm operates; in this way it will be possible to understand the market opportunities, and the behavior of all the actors dealing with the firm as suppliers, buyers, competitors and final consumers.

Marketing strategy aims at formulating objectives and organizing activities in line with the opportunities opened in market. With the marketing strategy the firm is able to shape the product business in the best way to obtain profits (Kotler, 2004; Kohli and Jaworski, 1990). The firm has to adapt its products to various kinds of consumers as they act in several ways and have different tastes. Thus, the firm have to apply segmentation and targeting (Bagozzi, 1998; Porter, 1985).

Planning and implementation is a key point in marketing management as the formulation of a marketing plan is necessary to achieve the objectives of the marketing strategy. Such a plan should be adapted to market conditions, together with the budget allocated for marketing activities (Kotler, 2004). In order to be successful, a marketing plan must also be consistent with the overall strategy of the firm and must be implemented constantly to guarantee the efficiency over time, having a good coordination within the firm.

Control and evaluation is connected to the check of the results achieved with the marketing activities. The main objective of this stage is to verify that sale and profit goals of the firm have been reached (Kotler, 2004). With a periodical exam of the planned activities the firm should be ready to carry out corrective actions, if needed. If the profitability does not reach a satisfying level the firm has to plan one more time the activities to achieve the results.

Finally, beside the four stages of marketing management process, also innovativeness is included in our analysis, as indicator of marketing capabilities. Indeed, new products, new markets and new distribution channels represent important elements to satisfy the changing consumer needs, and to face the increasing market competition (Knight, 2000).

2.2. Market Orientation approach

A well-performed marketing management process allows the firms to be market focussed. This focus on the market is the main subject of the Market Orientation approach (MARKOR). If the firm want to be market oriented and, in this way, reach a satisfactory profitability, it should have a well coordinated marketing area and a marketing strategy focused on the consumers' needs. These factors - customer focus, coordinated marketing, profitability – represent the three main pillars of the Market Orientation (Kohli and Jaworski, 1990; Spillan and Parnell, 2006; Kara et al., 2005).

In order to be customer focused the firm has to enhance the market research activity to collect information on consumers' preferences, becoming always more differentiated, and also on the situation of the marketplace and the environment which go to affect the tastes of the final users (Jaworski and Kohli,

1993; Kohli and Jaworski, 1990; Narver and Slater, 1990; Kara et al., 2005). In this way the firm develops a sort of intelligence that investigates the system where the firm is inserted in. This *intelligence generation* is the first step for becoming market oriented as it concerns the understanding of market demand by carrying out customer surveys, collecting primary data and/or carrying out searches into secondary sources (Kohli and Jaworski, 1990).

The satisfaction of the consumers' needs involves also the other areas of the firm, and not only the marketing one, because the formulation of the strategy starts from the information taken by the marketing area, which is spread within the company in order to take the most appropriate decisions and reach the common objective of meeting consumer needs. Therefore the coordination between marketing activity and the rest of the company is strictly needed (Kohli and Jaworski, 1990; Narver and Slater, 1990; Shapiro, 1988), in order to *disseminate the intelligence* created before and so be responsive to market trends. By behaving in this market oriented way, the firm could create superior value and continuous superior performance for the business, namely a good profitability.

As it has been explained the market orientation is realized with the collaboration of all the areas of the firm, but the marketing is the area closest to the consumer and the marketplace, thus it acts as a go-between for the different areas of the company (Kara et al., 2005) and plays a relevant role as it is the basis on which the firm applies its market intelligence.

As we want to assess the market orientation of the SMEs, we aim to know if the firms *generate intelligence* namely, if they carry out market research, and if the information taken from such research are utilized in the formulation of clear and well-defined objectives and in the development of a strategy. Then, this generated intelligence has to be *disseminated* across different areas, so the firm should have a good planning of the activities in each functional area to implement them for reaching common objectives and for being *responsive* to market demand.

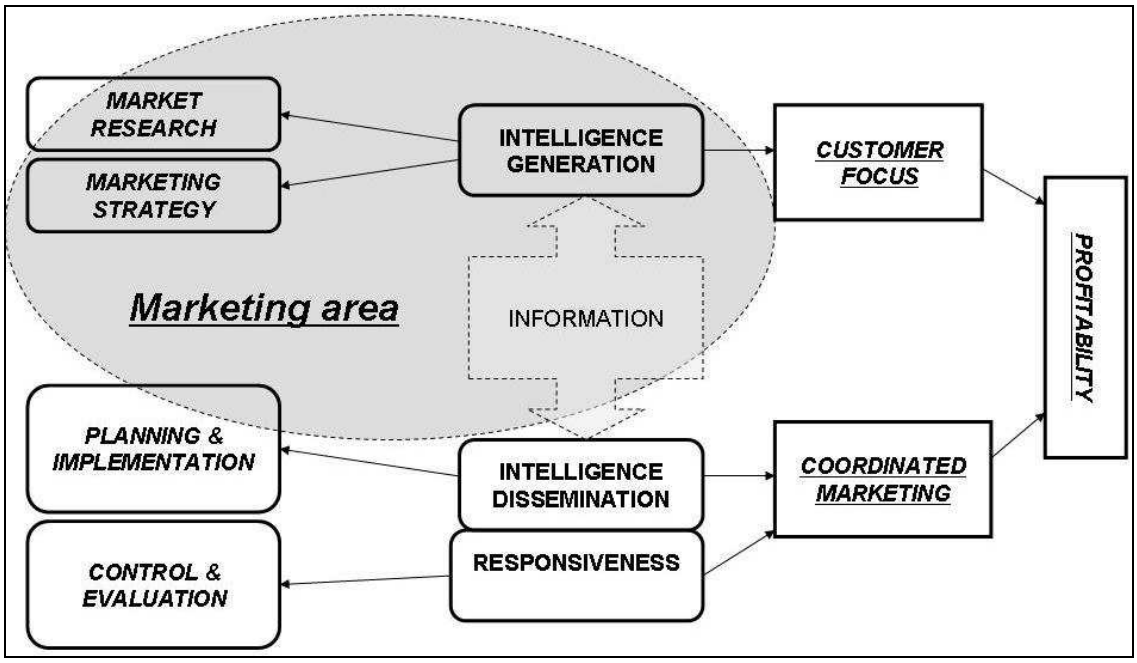

Figure 1. The Construct of Market Orientation and the role of marketing
Source: Based upon Kohli and Jaworski (1990) and Kotler (2004), own adaptation.

3. Methodological issues

A survey was conducted through an interactive questionnaire, available on-line, in order to evaluate the MMC of SMEs producing TFPs. The questionnaire was structured in five sections, reflecting the stages of the marketing management process, in addition to one concerning the general data of the firms, as shown in table 1 presenting the variables' definition.

The general data of the firm are related to the company name, address, country, legal status, employees, turnover, membership to a consortium, adoption of voluntary quality certifications, main distribution channels, and main sale markets utilizes. The first section of the questionnaire investigates the firm *market research* with questions exploring if the firms take information about the market where they operate. The second section, dealing with *marketing strategy*, investigates the firm objectives and the strategic choices regarding the product business. The third section is dedicated to the *planning and implementation* of the marketing activities within the firm. The fourth section concerns the *control and evaluation* of the results of marketing activities. The fifth section is addressed to the level of *innovativeness*.

Table 1. Variables' definition

Variable name	Description	Variable type	N	Mean	SD
DEPENDENT VARIABLE					
Influence on price setting	The company strongly influences the price of products	scale (1-5)	355	3,50	1,15
INDEPENDENT VARIABLES					
General data of firms					
Membership to a consortium	If the company is member of a consortium or cooperative value 1, otherwise 0	dummy (0-1)	303	0,65	0,48
Employees	Number of employees (<10; 10-50; 50-250; >250)	scale (1-4)	366	2,17	0,99
Voluntary quality certifications	Number of voluntary certification schemes that the company have implemented (0; 1; 2; 3; 4; 5; 6)	scale (1-6)	329	2,18	1,28
Distribution channels	The most important distribution channels utilized by company (Supermarkets; Specialised shop; Direct sale; Wholesalers; Small grocery shop; others)	categorical (1-6)	357	2,70	1,71
Main sale markets	The major market utilized by company (local; regional; national; international)	categorical (1-4)	351	2,67	0,93
Market research					
Brand analysis	The company investigates the position of its brand in the market	scale (1-5)	361	3,13	1,27
Supplier analysis	The company investigates the competencies/skills of suppliers before we select them	scale (1-5)	365	3,79	1,11
Retailer analysis	The company investigates the requirements of retailers	scale (1-5)	361	3,80	1,10
Competitor analysis	The company investigates the marketing strategy of competitors	scale (1-5)	365	3,33	1,20
Market analysis	The company analyses any data and information about the market	scale (1-5)	365	3,64	1,06
Consumer analysis	The company analyses the requirement of consumers	scale (1-5)	365	3,85	1,02
Marketing strategy					
Existence of clear objectives	The company has measurable objectives presented in marketing strategy	scale (1-5)	356	3,73	1,11
Strategy well-known inside firm	The company implements very strictly marketing strategy	scale (1-5)	357	3,45	1,10
Product tailoring according the consumer needs	The company tailors its products according to the needs of the consumer	scale (1-5)	356	3,85	1,06
Product differentiation	The company seeks to make its product different from that of competitors	scale (1-5)	357	3,90	1,08
Investment in dynamic and qualified sales forces	The company invests in dynamic and qualified sales force	scale (1-5)	355	3,51	1,19
Choice of distribution channel	The company chose the type of distribution according to sales objective	scale (1-5)	352	3,76	1,10
Investment in promotion and advertising	The company invests in promotion and advertising	scale (1-5)	354	3,19	1,17
Planning & Implementation					
Planning in advance	The company applies detailed marketing planning in advance	scale (1-5)	350	3,47	1,20
Adaptation of promotional activities to changes in market	The company adapts its promotional activities to changes of the market	scale (1-5)	353	3,38	1,23
Adaptation of budget to changes in market	The company adapts easily the budget for marketing activities if necessary	scale (1-5)	351	3,16	1,19
Control & Evaluation					
Evaluation of results	The company reviews whether or not the objectives of the promotional activities were realized	scale (1-5)	353	3,55	1,27
Cost analysis	The company reviews the marketing costs in comparison to the results achieved	scale (1-5)	355	3,50	1,27
Benchmarking with competitors	The company collects information about the results of competitors	scale (1-5)	354	2,65	1,27
Innovativeness					
Investment in product improvements	The company invests in improving its traditional products	scale (1-5)	348	3,95	1,04
Search for new markets	The company searches for new markets	scale (1-5)	351	3,98	1,04
Innovative distribution channels	The companies sells its product with innovative distribution channels	scale (1-5)	343	2,93	1,15

Except for the part of the questionnaire regarding the general data of the firms, in the other sections the firms have to answer with a Likert-scale from 1 to 5, reflecting, respectively, the worst capability and the best one. The questionnaire represents a self-evaluation tool addressed to marketing managers of the firms

analysed. Although this method is affected by a subjective view, the results outline firms perception about MMC level.

The sample is composed by 371 firms producing TFPs coming from Belgium, Italy, Spain, the Czech Republic, and Hungary (table 2).

Table 2. Firms of the sample per country

Country	number	%
Belgium	56	15.09
Czech Republic	88	23.72
Hungary	26	7.01
Italy	128	34.50
Spain	73	19.68
Total	371	100.0

Source: own calculations

Cluster analysis was applied to find out different levels of the firms' market orientation, basing on the values put down by each firm interviewed for each variable connected to the evaluation of marketing capabilities. Due to missing values 56 firms were excluded from the cluster analysis. For this reason the number of firms considered in the cluster analysis were 315. For cluster analysis we utilized a hierarchical approach. Similarity between cases was measured by Chebychev distance, and the average linkage within groups method was used to combine nearest clusters into broader groups. This technique led to the identification of 4 clusters that seem the best results in terms of some important criteria, as the minimum number of firms for each cluster, the degree of distances among clusters, and the different characteristics of the resulting clusters.

After the identification of the firms based on their marketing performance, we tried to analyze the ability of firms to influence the price setting, in order to understand if a certain performance in the marketing management can be reflected also by the product price variation. We used an ordinal regression model, and the dependent variable is the firm price setting capability (scale 1-5, from low to high). The independent variables are those affecting marketing management capability, which are reported in table 2. The number of cases in this analysis counts all the 371 firms of the sample.

The proportional odds model for ordinal logistic regression is estimated as follows (McCullagh, 1980):

$$c_j(X_i) = \ln\left\{\frac{P(Y > j|X_i)}{P(Y \leq j|X_i)}\right\} = \beta_1 X_{i1} + ... + \beta_k X_{ik} - \tau_{j+1} \qquad [1]$$

with:

i= 1,....371; corresponds to number of companies of the sample
j= score from 1 to 5
k= 1,...22; corresponds to number of independent variables
Y= response variable
X_i= independent variables (answers for each company)
β= regression coefficients
τ = parameter referred to as "cutpoints" between intervals of values of response variable.

In this model the β coefficients represent the log odds ratio of scoring > j versus ≤ j for a one unit change in X.

4. Results

4.1. Cluster analysis

The cluster analysis resulted in four significant different clusters. A great part of the respondents, i.e. 40%, is grouped into the cluster *market oriented* (average score is 4.1) and shows good results in all five areas (table 3). About the 27% of the respondents are grouped in the cluster *intermediate market oriented* (average score is 3.5). The members of this cluster achieved lower scores than the members of the first cluster, but they obtained results in all five areas in line with the average values of the sample. The third cluster, that groups the so called *weakly market oriented* firms, represents the 22% of the sample and shows an average score of 3.1. In this case respondents have a low market orientation especially with regard to specific marketing areas. Finally, the firms grouped in the fourth cluster are *not market oriented* and present the lowest scores in all five marketing areas (average score is 2.4). However, this cluster includes a minority of the sample because it groups only 37 firms (12%).

Table 3. Distribution of the firms within the four clusters, divided by country

Cluster	Belgium	Czech Republic	Hungary	Italy	Spain	Total
			n			
Market oriented	10	29	10	53	24	126
Upper intermediate market oriented	17	17	4	29	17	84
Lower intermediate market oriented	16	11	11	21	9	68
Non market oriented	9	12	0	10	6	37
Total	52	69	25	113	56	315
			%			
Market oriented	7.9	23.0	7.9	42.1	19.0	100.0
Upper intermediate market oriented	20.2	20.2	4.8	34.5	20.2	100.0
Lower intermediate market oriented	23.5	16.2	16.2	30.9	13.2	100.0
Non market oriented	24.3	32.4	0.0	27.0	16.2	100.0
Total	16.5	21.9	7.9	35.9	17.8	100.0
			%			
Market oriented	19.2	42.0	40.0	46.9	42.9	40.0
Upper intermediate market oriented	32.7	24.6	16.0	25.7	30.4	26.7
Lower intermediate market oriented	30.8	15.9	44.0	18.6	16.1	21.6
Non market oriented	17.3	17.4	0.0	8.8	10.7	11.7
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Our survey

Comparing the four clusters, similar scores are found for some variables, while different results come out from other marketing variables. For example, the firms capabilities to influence the price setting show a slight difference among the clusters (figure 2). This is probably due to the size of the firms considered, mostly of which are micro and small firms and, therefore, they can be only price takers. On the other hand, variables referred to certain marketing areas, such as *planning and implementation*, *control and evaluation*, and, partially, *marketing strategy*, presented high differences among the clusters (figure 3). For this reason, the variation in marketing performances underlined in the survey is mostly dependent from these areas.

Cluster 1 - Market oriented: the first cluster scored good results in all five areas, except for some weakness points such as the brand analysis, the influence on price setting, the adaptation of budget to changes in market, the benchmarking with competitors, and the innovative distribution channels. With regards to these last two aspects, the marketing activities of market oriented SMEs should be improved

concentrating the marketing efforts also on an ex-post evaluation of such activities and on the search of new ways of distributing food products, consistently with the quantity produced. Italian firms represent the 42% of the firms grouped in this first cluster (table 3).

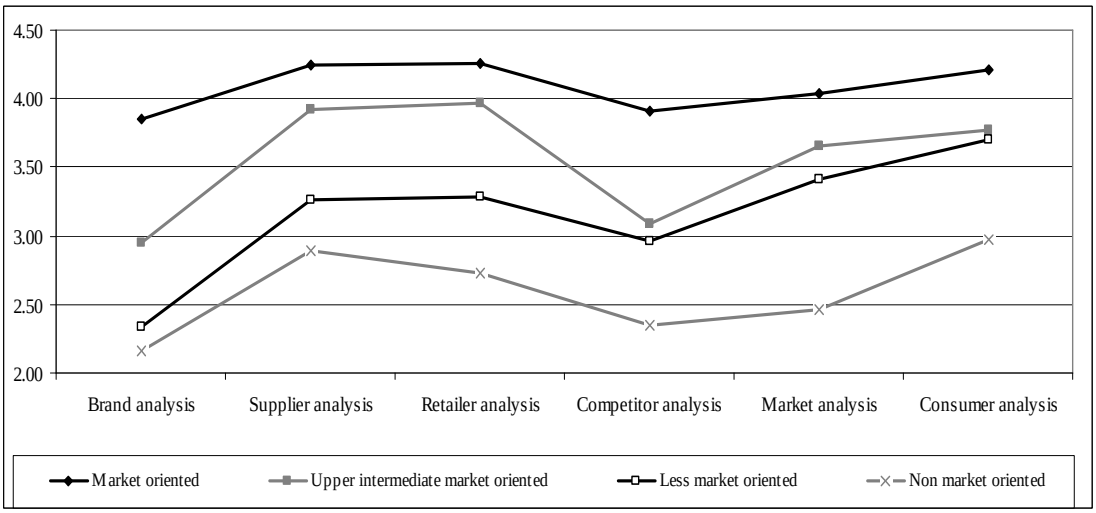

Figure 1. Marketing research
Source: Our survey

Cluster 2 - Intermediate market oriented: the firms grouped in this cluster show a lower level of marketing capabilities than those belonging to the first cluster, in spite of some good scores achieved also by these firms. In this cluster the main weakness points for SMEs are the brand analysis, the competitor analysis, the investment in promotion and advertising, the benchmarking with competitors, and the innovative distribution channels. Compared to the first cluster, the low level of promotion activities in these firms could depend from the different sale markets.

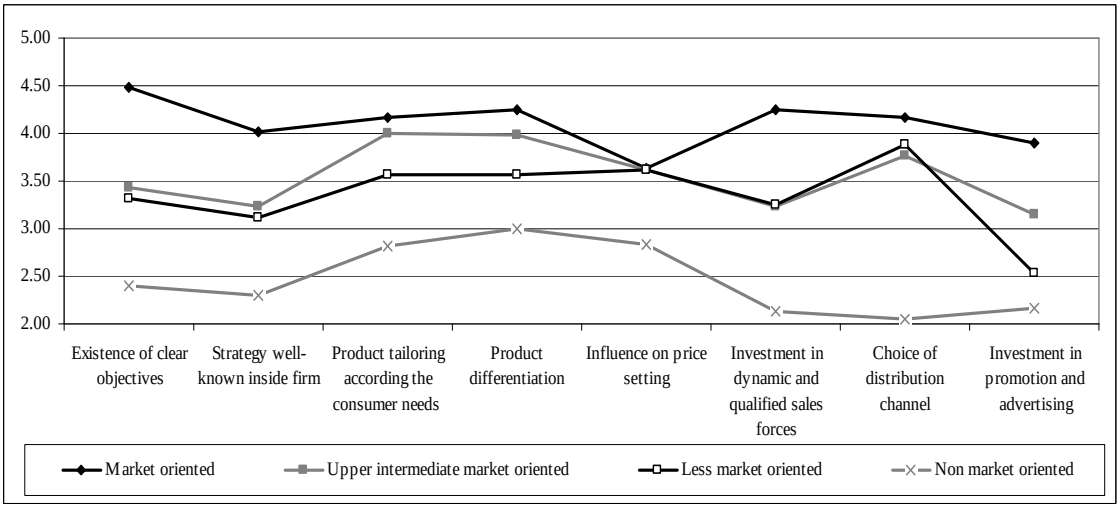

Figure 2. Marketing strategy
Source: Our survey

Cluster 3 - Weakly market oriented: in the third cluster the brand analysis, as well as the investment in promotion and advertising, and the choice of the distribution channel result to be problematic activities for SMEs. Moreover, the critical points for a good level of marketing capabilities are related to all the variables of the *planning and implementation*, and *control and evaluation* areas, which are clearly the

weakest for the firms grouped in this cluster. The scores from these two areas are much lower than the scores from the other areas and from the average scoring of this third cluster.

Cluster 4 - Not market oriented: in the fourth cluster the choice of the distribution channel and the benchmarking of marketing strategy are two of the weakest activities for SMEs. The area *planning and implementation* does not make an exception in this cluster; all the variables belonging to this area show a lower average score than that of the cluster taken into consideration. Almost one third of the firms grouped in this cluster are from Czech Republic.

Summarizing, the weakest points for the firms analysed result to be the brand analysis, the adaptation of the budget to changes in the market, the benchmarking of marketing strategy and the selling through innovative distribution channels. Moreover, as already shown in our descriptive analysis, it is clear from the present cluster analysis that the most problematic aspects are *planning and implementation*, and *control and evaluation*. This means that SMEs with a low level of marketing capabilities should develop a more intensive organisation of marketing activities, both ex-ante and ex-post, trying to build up a system able to evaluate efficiently the targets of marketing activities and the results obtained by the firms.

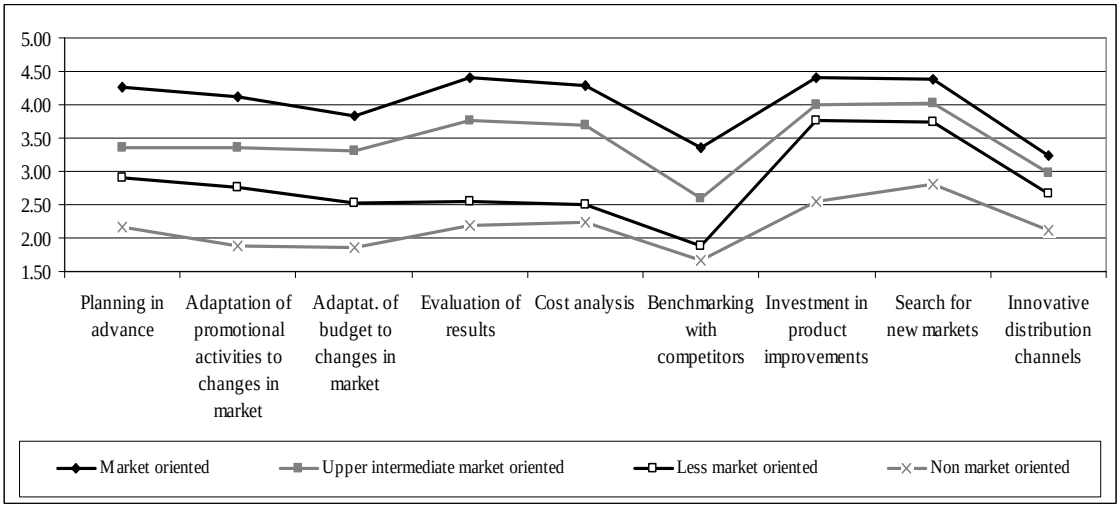

Figure 3. Planning and Implementation, Control and Evaluation, Innovativeness
Source: Our survey

4.2. Estimation results

Principal Component Analysis (PCA) for 13 variables was used to extract factors. This is a linear transformation of the variables that assumes those factors able to explain all the variance in each variable. We extracted 2 factors with eigenvalues greater than 1, representing the market research section, composed by six items, and the other one related to marketing strategy section, composed by seven items (table 4 and 5). Orthogonal rotation (Varimax) was carried out after the initial extraction of the factors. The factors produced by SPSS were used for ordinal regression.

To estimate equation [1] we utilized maximum likelihood estimation method (table 6). Adequate goodness of fit is shown by Pearson's Chi-Square Statistics and Nagelkerke's R2.

According to the market orientation approach, we assume that the profitability of the firm depends on a performing marketing activity. Thus, we choose the ability of the firm to influence the price setting of its products as dependent variable, and the different stages of marketing management process as independent variables, i.e. variables connected to market research, market strategy, planning and implementation, and control and evaluation.

Estimates of model [1] show that the factor representing the marketing strategy did not affect the dependent variable 'influence on price', whereas the factor related to market research significantly influenced the dependent variable. This can be correlated to the fact that consumer analysis, together with the study of competitors, play an important role for an adequate understanding of the products characteristics the firms has to introduce in order to influence the price of its products, and, consequently, for a good level of firm profitability.

Moreover, another variable that significantly affects the depend variable is related to the membership to a consortium. This independent variable show a negative relationships with the variable 'price setting', highlighting that if firms are part of a consortium, the marketing activities and others , like product price setting, are conducted by the consortium and not by them.

Table 4. Factor analysis concerning market research

Variables	*Factor 1* **Market research (F_1)**
Brand analysis	0.724
Supplier analysis	0.725
Retailer analysis	0.708
Competitor analysis	0.738
Market analysis	0.752
Consumer analysis	0.577
Cronbach's Alfa: 0,797	
Keiser Meyer Olkin test: 0,801	
Rotation method: Varimax	
Total Explained variance: 49,880%	
Bartrlet Test: 586,506 (0.000)	

With regard to the distribution channels variables, the product sale through supermarkets and wholesalers negatively affects the influence on price setting of the traditional firm. This is probably due to the bigger bargaining power of retailers than that of small and medium traditional food firms, the most of which are price taker.

Table 5. Factor analysis concerning marketing strategy

Variables	*Factor 2* **Marketing strategy (F_2)**
Existence of clear objectives	0.775
Strategy well-known inside firm	0.745
Product tailoring according the consumer needs	0.532
Product differentiation	0.541
Investment in dynamic and qualified sales forces	0.720
Choice of distribution channel	0.700
Investment in promotion and advertising	0.607
Cronbach's Alfa: 0,787	
Keiser Meyer Olkin test: 0,805	
Rotation method: Varimax	
Total Explained variance: 44,434%	
Bartrlet Test: 617,909 (0.000)	

Finally, there are other two elements that positively influence the dependent variable: the adaptation of promotional activities and the budget to market changes. This is related to the fact that, the more the firm tries to plan its sales on the base of market conditions, the more it will be able to influence the price of its products. In other words, those firms that have a system able to evaluate efficiently the market conditions, the targets of marketing activities, and the results obtained, can influence the price of their products.

According to the market orientation approach, the firm profitability depends mainly from two main elements: the intelligence generation, throughout a system aimed at understanding the customer needs and the intelligence dissemination, throughout a system aimed at planning and implementing the marketing activities based on the information cached from the market. Based on this conceptual framework, the regression analysis reveals that the firm ability to influence the price of the products, i.e. the firm profitability, depends mainly from a good performance in firm market research and in firm planning and implementation activities.

Table 6. Estimates of the model

	Influence on price	
	β	**Sig.**
α_1	-3.149	0.013
α_2	-1.437	0.248
α_3	0.003	0.998
α_4	1.984	0.111
Membership to a consortium	**-0.891**	0.002
Employees	0.050	0.756
Voluntary quality certifications	-0.001	0.995
Supermarkets	**-0.815**	0.074
Specialised shop	0.177	0.748
Direct sale	0.084	0.883
Wholesalers	**-1.062**	0.039
Small grocery shop	-0.466	0.502
Local market	0.147	0.813
Regional market	-0.170	0.715
National market	-0.379	0.274
Market research (F_1)	**0.446**	0.034
Marketing strategy (F_2)	-0.030	0.888
Planning in advance	-0.117	0.450
Adaptation of promotional activities to changes in market	**0.465**	0.003
Adaptation of budget to changes in market	**0.414**	0.009
Evaluation of results	0.008	0.960
Cost analysis	-0.009	0.953
Benchmarking with competitors	-0.197	0.151
Investment in product improvements	-0.229	0.223
Search for new markets	-0.026	0.871
Innovative distribution channels	0.097	0.435
Chi-Square	58.528	0.000
Pseudo R^2 (Nagelkerke)	0.241	

Source: Our survey

5. Conclusion

The analysis revealed a certain lack of appropriate skills in marketing management in the firms of the sample, confirming the evidence found in the economic literature concerning SMEs, and underlining a weak market orientation of traditional food producers.

Nevertheless, cluster analysis outlined four clusters with significant different MMC and different level of market orientation. Among these clusters, the first one grouped the *market oriented* firms which represent a great part of the sample (40%). In this cluster it can be noticed that the two main pillars of the MARKOR approach, *customer focus* and *coordinated marketing*, are well developed, even though the second one reveals some weaknesses.

With regard to the stages of marketing management process the most problematic ones are represented by *planning and implementation* and *control and evaluation*, highlighting the difficulties for SMEs, generally characterised by poor organisational capacity, in carrying out coordinated marketing. On the other hand, the areas of *market research* and *marketing strategy* appear less problematic.

In particular, the weakest points for the firms analysed result to be the brand analysis, the adaptation of the budget to changes in the market, the benchmarking of marketing strategy and the selling through innovative distribution channels.

The analysis shows for the firms a low capability to influence the price setting. The regression identified two categories of independent variables playing an important role in price setting. Three variables negatively affected the dependent variable: membership to a consortium, and selling through supermarkets and wholesalers. In the case of consortium this result means that the firms assign to it the management of marketing activities, whereas in the case of supermarkets, the strong bargaining power of the retailers make the firms price taker.

Three other variables positively contributed to price setting. The first one is the factor that represent the market research activities. Thus the analysis reveals that the knowledge of the marketplace, realized through the intelligence internally developed, is a driving force to be market oriented and consequently to be able to fix the price. The other two variables are connected with the ability of the firm to adapt the budget and promotional activities to market changes, which represent other important elements of the market orientation.

The poor ability of the firms in influencing the price is probably due to the size of the firms considered, mostly of which are micro and small firms and, therefore, they can be only price takers.

An interesting managerial implication derived from our analysis regards the SMEs with a low level of marketing capabilities. The improvement of MMC requires the effort of the firms to develop a more intensive organisation of marketing activities, both ex-ante and ex-post, trying to build up a system able to evaluate efficiently the targets of marketing activities and the results obtained by the firms. This is a crucial point for SMEs.

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