AN ABSTRACT OF THE DISSERTATION OF

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Title: An Examination of Strategic Challenges and Opportunities in the Wood-based Building Product Industry

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The wood-based building products industry has experienced significant turbulence over the past several decades as a function of multiple forces including among others globalization, product and process innovation, and shifting customer and consumer interest and demands. Collectively, these changes have challenged the historical tenets which have defined industry strategy and competition in the realm of basic products and contributed to consolidation and labor reductions. Consequently, an onus has been placed on industry participants to better understand and adapt to the new competitive landscape or risk loss of competitive advantages built on the practices suited to historical tradition. However, a limited range of work that considers the machinations of turbulence and resulting strategic implications has been directed toward the industry particularly where differentiation of products is limited. A contributing factor for this deficiency is the relative stability that

has defined the industry for generations due in part to limited strategic variation beyond cost and production, limited cycles of technological and product innovation, commodity nature of many products, and passive manner of consumption. Accordingly, there is value in work that takes a critical and empirical view of industry changes in the context of both strategic and competitive implications, how participating firms address challenges, and what factors influence consumer purchase decisions. This work addresses this need through examination of each element, industry, firm, and consumer, in the context of turbulence, competition, and strategy and delineates previously unidentified considerations for competing in the new landscape. At the industry level, drivers of industry turbulence and subsequent strategic challenges, adaptations, and opportunities are identified and reviewed. Analysis suggests that improved strategy which considers organizational and product differentiation beyond cost and production efficiencies permits greater stability and increased leverage in the turbulent competitive environment. Recognizing a need for improved strategy, the firm level analysis employs a primary qualitative approach to isolate previously unidentified firm qualities analogous to successful deployment of a market orientation strategy using the resource based view of the firm as a framework for analysis. Connecting strategy to the consumer and product, theoretical consumer behavior constructs (consumption, behavior, and involvement) were connected to conceptualize dimensions of product differentiation capable of holding consumer appeal and acting as behavioral drivers in the passively consumed arena of primary wood-based building products. Taken together this work provides a view of strategic considerations within the wood-based building product industry that extends beyond previous work in several ways. First, by considering industry environment, firm strategy, and consumer behavior and product differentiation collectively in the manner described, this work provides a more vertically complete strategic perspective for industry participants. Second, within each chapter, findings and case based examples relevant to each element are presented.

An Examination of Strategic Challenges and Opportunities in the Wood-based Building Product Industry

by
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APPROVED:

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I understand that my dissertation will become part of the permanent collection of Oregon State University Libraries. My signature below authorizes release of my dissertation to any reader upon request

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John A. Tokarczyk, Author

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CONTRIBUTION OF AUTHORS

Dr. Eric Hansen contributed significantly throughout the course of this research in multiple ways and is a co-author on both of the papers presented in chapter 2 and chapter 3. In both chapter articles Dr. Hansen contributed in all phases of creation, reviewing work, offering theory, response to reviewer comments and in the case of chapter 3 assisted questionnaire development.

Dr. Mark Green contributed to the third chapter by way of providing funding for article creation. Dr. Jon Down also contributed to the third chapter through data collection efforts.

Rebecca Hamner, PhD student, contributed in chapter 4 through data collection efforts.

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An examination of strategic challenges and opportunities in the wood-based building product industry

Introduction

The U.S. wood-based, building product industry represents a significant global manufacturing and trade interest with an estimated contribution to the world gross domestic product of more than one percent and represents three percent of overall international merchandise trade (FAO, 2011). In terms of materials and goods, the industry is broad consisting of products ranging from basic commodities to specialty and high value added products. Historically, a majority of the industry's production, trade, and consumption has occurred within and between North America and Europe, but these trade and production channels are increasingly being affected by new production centers most notably in South America, Australia, and Asia (FAO, 2011).

For much of the industry's history, firms participating in the primary product realm have tended toward a narrow insular strategic focus with a production orientation and low cost leadership strategies dominating the landscape (Tokarczyk and Hansen, 2006; Bush and Sinclair, 1992). However, recent decades have brought about significant change that has disrupted these traditional strategies. While a litany of elements have contributed to turbulence within the industry the most notable agents of change have included globalization, shifting channel dynamics, innovation within and outside the industry, and political/socially driven environmental change. Together these elements have created an increasingly competitive and complex operating environment that can be considered turbulent (Korhonen and Niemelä, 2004). As a consequence, firms today must constantly be aware of the changing face of both competition and customers' markets and adapt business strategies accordingly to succeed (Stennes and Wilson, 2002). By necessity, industry participants have attempted to move beyond historical production strategies focused on volume and material costs and consider and cultivate competitive advantages and employ strategies that are more market oriented in order to remain competitive (Hugosson and McCluskey, 2008; Tokarczyk and Hansen, 2006).

Addressing these efforts and remaining competitive via adoption of improved market driven strategies, is challenged by the passive nature in which wood based building products are consumed and the high volume of lower value undifferentiated products that constitute a majority of trade. Passive consumption refers to products and services which are utilitarian in manner, distanced from direct physical, emotional, or spiritual benefits and by extension do not afford the same opportunities for resonating with consumer as more active purchase scenarios (e.g. vehicle purchase). As a consequence opportunities for establishing a consumer relationship for marketing purposes are significantly challenged (Loureiro et al., 2002; Assael, 1984; Engel and Blackwell ,1982; Kassarjian, 1978 and 1981).

When passive consumption is coupled with limited physical differentiation opportunities, the continued persistence of historical elements of wood based building products industry, namely a continued focus on production and material costs, remain as a significant aspect of overall firm performance. Accordingly, the challenge for firms participating in the industry today becomes an issue of balancing the juxtaposition of new turbulent operating challenges in the midst of continuing historical tenets of participation. This reality places a significant emphasis and importance on identifying and implementing competitive strategies that are both sustainable and persistent within the bounds of passive consumption and continued industry practices.

Considering the increasingly complex and heightened competitive challenges facing primary wood-based building product industry participants coupled with limited industry or firm-specific works addressing the nature of these developments, avenues of strategic response, and customer/consumer product interests; there is need and value in research that considers these interests in more detail and elaboration. Specifically a need exists for work that collectively addresses the nature of industry competitive change, strategic implications, firm specific strategic adaptations and execution, and consumer product interests.

Addressing these interests together in one work provides an improved and more meaningful perspective of how industry change resonates at the firm level and what opportunities exist within the customer/consumer realm to support firm strategy and ultimately industry environment.

In this work, the industry level of analysis occurs through identification and delineation of drivers of competitive change and the concept of a market orientation is considered in terms of history, product, mix and competitive environment through secondary research. Building on this, the third chapter examines the antecedents and implementation of a market orientation strategy at the firm level connecting industry and firm. The final chapter connects consumers to firm strategy via consideration of opportunities for product differentiation and competitive advantages creation at the product level using primary quantitative research. Taken together, this work connects industry to consumers by considering strategy and implementation from inception to consumption with an expressed interest in providing an enhanced industry perspective while identifying opportunities for improving and informing participants as to necessary considerations for maintaining industry and firm competitiveness.

Objectives

The implications, opportunities, and challenges posed by environmental turbulence within the wood-based building products industry has received increased attention in recent years. However, given the mounting level of industry change there continues to be value in work that addresses overall industry strategic trends, strategy selection and execution within the firm, and drivers of consumer behavior unique to the wood-based primary building product industry. Accordingly, this work seeks to consider and accomplish the following objectives:

- Evaluate and identify competitive challenges facing the wood-based building product industry and strategic opportunities beyond the historical orientation of cost and production associated with primary products.
- Evaluate strategy deployment at the wood-based primary building product firm level and identify specific qualities and practices which facilitate execution of a market oriented strategy.
- Identify avenues of differentiating products at the consumer level to align firm offerings with drivers of consumer behavior to support firm selected strategy and competitive efforts necessitated by industry challenges.

Strategy and Competitive Advantages

A universal construct of business and profitability entails that to effectively compete and remain viable it is imperative that firms engaged in competitive business environments develop or maintain some form of competitive advantage. Competitive advantages are manifested as a dynamic interrelationship between internal attributes and resources unique to the firm and execution of a chosen business strategy (Porter, 1980 and 1985). Poor strategic execution coupled with inadequate or unsustainable resources upon which the strategy relies will result in a failure to achieve a competitive advantage necessary for sustained competition. Toward this end, Porter (1980) advanced three generic strategic frameworks in which competitive advantages may accrue; differentiation, cost leadership, and market focus.

In terms of basic differences, a differentiation strategy suggest that a price premium is achieved by positioning offerings to distinguish a product from competing products and meet specific consumer criteria better or differently than other offerings. Examples of differentiation strategy could include Gucci or BMW. By contrast, cost leadership entails competing on price as a distinguishing factor in product offering. Examples of firms pursuing cost leadership include Old Navy or Kia. The challenge of cost leadership is there can only be one true cost leader and a failure of supporting firm resources (e.g. labor, raw materials, production capability) may jeopardize sustainability of this strategy. The other strategy proposed by Porter, market focus, takes decided tact and involves identification of market niches where differentiation and or cost leadership are viable in targeted arenas. According to Porter, failure to establish a competitive advantage through one of the aforementioned strategies is a function of either incomplete strategic fulfillment (e.g. failure to be the low cost leader) or inadequate resources necessary for successful implementation of the chosen strategy.

Since publication of Porter's (1980 and 1985) works on competitive strategy and theory, a variety of competing and complementary theoretical and empirical research based works have emerged offering both support and competing iterations to Porter's initial views including Porter himself (1995). These works developed recognizing that within the turbulent and competitive nature of most business environments allegiance to a single generic business strategy is neither pragmatic nor realistic. The ability to respond to changes such as shifting supply, demand, labor, or technology, is paramount if competitive advantages are to be sustained. Accordingly, hybrid strategies that pull elements of Porter's generic strategies are recognized as being potentially more consistent with long term success within turbulent environments. For example the concept of the best cost strategy suggests providing a balance of quality and price and varies from the one-dimensional generic "low cost" strategy which ultimately is limited to a single cost leader and is ultimately unsustainable (Thompson, 2005). Despite these works, the tenets of Porter's original work remain in that competitive advantages arise from a harmony of strategy and resources whether they be limited and generic as Porter originally suggested or through a hybrid combination of strategies (Dess and Davis, 1984; Hambrick, 1983; Miller and Friesen, 1986; Miller, 1988; Kim et al., 2004; Akan et al., 2006; Prajogo et al., 2007).

Within the wood-based building product industry the range of goods that exist is broad, extending from the most basic commodity items produced in mass volume from common materials to highly customized items from rare species. Despite this broad product diversity, passively consumed basic items constitute a majority of materials that are produced and sold and as the bellwether of the industry, these passively consumed commodity items have largely defined much of the industry strategy (Peters et al., 2009). As a principal industry driver, the predominant industry strategy has historically centered on cost leadership through production efficiencies with market forces of supply and demand influencing final costs and profitability. Compared to other industries wherein sustainable advantages and stabilized demand are developed over time via strategies built on differentiating efforts such as strong consumer driven product development (e.g. Apple), brand (e.g. Coca-Cola), or customer service (e.g. Nordstroms) developing competitive continuity in the wood-based building product is more challenged. Instead, market forces external to the firm are the primary drivers of performance and competitive advantages tend not to be sustainable in nature, but instead ephemeral accrued as a transitory nexus of labor, material, and demand; each of which is uncertain and indefinite.

Commodity Challenge

As noted, a significant driver of the industry's strategic focus is propelled by, and a function of, the inherent nature of the commodity products that define the industry and the passive nature in which they are consumed. By definition, commodity products are generally low in value, largely indistinguishable from competing products, and common. Passive consumption implies that a good or service is used, employed, or placed into service in a manner where it is largely removed or undetectable from the user and or other members of the public and by nature provides extrinsic benefit to the consumer (Babin and Darden, 1995; Crowley et al, 1992; Mano and Oliver, 1993). An extrinsic benefit is utilitarian in nature, fulfillment of a base need or requirement such as replacing oil in a car or a picket in a fence. The primary purchase consideration in a passive extrinsically defined purchase scenario is task completion (Batra and Ahtola, 1991; Babin et al., 1994). Beyond the base motivations in which a passive extrinsic purchase occurs, there is a limited participative element relative to more active purchases which implies a limited connection between the seller and purchaser which is necessary for introduction and consideration of differentiating elements that facilitate development and deployment of strategies focused on driving consumer behavior in a manner that engenders creation of sustainable advantages beyond those achieved by price (Deighton and Grayson, 1995).

Ultimately, the passive nature in which consumption of most wood-based building products occurs coupled with their commodity nature only serves to exacerbate strategic limitations and challenges. While there are products that generate significant involvement, particularly those that are highly customized and readily visible (e.g. cabinetry or flooring), these are smaller components of the overall industry and are incapable of driving industry in terms of strategic practices. In light of this, examination of consumer motivations and interests and development of strategic appeals which speak to strongly held consumer attitudes and beliefs is an approach to differentiation and establishment of competitive advantage. A market-oriented strategy is one approach that moves firms to a position where these objectives are more readily realized.

Market Orientation

A departure from Porter's generic strategies is the concept of a market oriented strategy. The concept builds on the ideals of achieving competitive advantages by distinguishing a firm via development of a business strategy that considers both customers and competitors simultaneously. Despite this departure, the market oriented strategy, like Porter's generic strategies, seeks to develop and maintain competitive advantages that are sustainable. Much of the current focus on market orientation can be attributed to the seminal papers by Kohli and Jaworski (1990 and 1993) and Narver and Slater (1990) who introduced complementary market orientation models. While no universal definition of market orientation exists, Gray and Hooley (2002) offer a definition that incorporates the primary tenets of each, "Market orientation is the implementation of a corporate culture or philosophy which encourages behaviors aimed at gathering, disseminating and responding to information on customers, competitors and the wider environment in ways that add value for shareholders, customers and other stakeholders."

Initial market orientation hypotheses suggested that industry characteristics including technological turbulence, market turbulence, and competitive intensity would minimize the positive relationship between market orientation and performance; however, empirical findings suggest otherwise as the relationship between market orientation and firm performance is found to be robust across environmental variables (Ellis, 2006; Matsuno et al., 2002; Greenley, 1995; Ghosh et al., 1994). Further support is provided by Slater and Narver (1995) who found that varying industry characteristics have limited effect on the relationship between market orientation and performance.

As the understanding of market orientation has increased, researchers have attempted to better discern the complex relationships among market orientation, firm performance, and a range of other constructs (Bhuiana et al., 2005; Laforet, 2008). Toward this end, findings have suggested that market oriented firms recognize the significance and value of utilizing customer/competitor knowledge in developing business strategy (Hunt and Morgan 1995, Hunt and Lambe 2000). Other findings suggest that a market orientation attunes organizations to the competitive environment providing opportunities for strategic responses to environmental changes (Kumar et al., 1998).

Overall, there is empirical support that adoption and execution of a market orientation is associated with higher firm performance and improved ability to cope with changing environments as firms continuously monitor and adjust to customers, competitors, and market changes that could be characterized as turbulent (Tajeddini et al., 2006). While strategies other than a market orientation are viable, differentiation is apparent according to company attitudes toward competitors and customers (Noble et al, 2002).

The U.S. wood based building product industry is responding to change and remaining competitive by increasingly moving toward adoption of market oriented strategies that reflect value-oriented growth while moving away from the traditional approaches of increased production and volume (Cohen and Kozak, 2001). In this regard, industry strategy is shifting from a focus on tangible assets (raw materials and equipment) and physical processes (production) to intangible resources and capabilities. Other transitions reflective of a market orientation include participants placing greater emphasis on strategic partnerships with customers and distributors rather than suppliers while pursuing strategies of differentiation (DeLong et al., 2007). Additionally, firms are increasingly developing, exchanging, and managing knowledge resources and recognize the need for effective leadership and long-term strategies (Korhonen and Niemela, 2003; Dawson, 2000). Taken together, research and findings suggest the U.S. wood based building product industry is transitioning from a production and commodity orientation to a more consolidated market driven standard.

Executing a Market Oriented Strategy

Regardless of strategic transitions occurring within the wood-based building product industry at large, it is the individual firm that is ultimately tasked with selecting and implementing a specific strategy that will leverage held resources in a manner that will incur additional resources and continuation of the firm. Whether the resources held guide the firm’s strategic direction or a new direction (e.g. market orientation) is adopted, identifying, cultivating, and maintaining the capabilities necessary to successful implementation of a chosen strategy is paramount to long term success.

Toward this end the resource-based view of the firm is a significant consideration within the field of competitive strategy and evaluation (Berman et al., 2002; Barney, 1991; Conner, 1991; Wernerfelt, 1984). The resource-based view asserts that firms differ according to their respective resource endowments and the diversity of resources gives rise to varying performance such that firms with valuable and rare resource holdings are expected to experience superior performance. By extension, maintaining superior performance built on valuable and rare resources requires that firms actively work to protect resources from use or imitation by competing firms (Rumelt, 1987). For example, purchase and implementation of more efficient processing equipment may aid competitive capability in the near term for a firm employing a low cost production strategy; however, these gains are imitable and advantages are likely to diminish over time. By contrast strategy assembled and deployed on a foundation of both traditional resources (physical capital, human capital, organizational capital, and process capital) as well as the "idiosyncratic, immobile, inimitable, sometimes intangible bundle of resources" unique to and held within the firm ensure more sustainable success as the "bundle of resources" to which the strategy is tied defies imitation (Habbershon and Williams, 1999).

By itself, adoption of a market oriented strategy does not ensure competitive success or avoidance of duplication of efforts. Instead it is the manner in which the strategy is executed and the use of resources in doing so that success is derived. Toward this end, a successful market oriented firm maintains a dual vision of competitors and customer along with the flexibility and capability to address emerging needs and issues. Through active interaction with customers, as well as formal and informal market research, an in-depth understanding of both manifest and latent needs of customer bases becomes apparent. With this level of knowledge coupled with a desire to create superior customer value comes a natural tendency to shift products and processes to meet evolving needs while at the same time address competitive inroads and challenges. Accomplishing these elements of strategy requires a proper firm environment and mix of resources and culture, as such identifying and fostering these resources and culture becomes critical when considering adoption of a market oriented strategy.

In this regard, there is empirical work that suggests that execution of a market orientation is grounded in the culture of a firm and the strategy-performance relationship may in fact be more rooted within the organization's core than a specifically selected strategy selection given that culture may be shaped and affected but not selected at will or in the same manner or ease that strategies are selected, implemented, or altered (Dobni and Luffman, 2000; Hunt and Morgan, 1995). In essence, a market orientation may be described as a link between an organization's culture and business strategy (Hunt and Lambe, 2000) and a market orientation attunes capable organizations to the competitive environment providing opportunities for strategic responses to environmental changes (Kumar et al., 1998).

Beyond company culture, requisites to effecting a market orientation include identifying and leveraging unique, firm-specific resources available for creating consumer value and additional benefits beyond reductions in buyer acquisition and use costs (Aaker, 88; Hall, 80; Porter, 85). Capabilities or "resources" germane to a market orientation may include inspired and motivated workforce (Ward, 1988; Moscetello, 1990), lower transaction costs (Aronoff and Ward, 1995), enhanced trustworthiness and customer relationships (Ward and Aranoff, 1991), flexibility in decision making capability (Hall, 1988; Poza et al., 1997), increased creativity and attention to new developments (Pervin, 1997; Ward 1997), stakeholder efficiencies (Aronoff and Ward, 1995), and responsiveness to market or industry changes (Dreux, 1990), as well as others. Overall, a foundational firm avoidance of a commodity orientation and being either customer and or marketing driven is a critical and a principal factor which differentiates a successfully market oriented organization from peers particularly in industries characterized by commodity orientations.

In terms of specific, firm-held qualities, being customer/marketing driven, involves maintaining a quality focus throughout the organization in all aspects of the operation (materials, production, service, and management). The foundation of this rests with a customer-focused culture as a prerequisite for market oriented organizations and the ability to employ internal resources to maintain and fulfill and exceed customer needs (Day 1999; Deshpande et al., 1993; Jaworski and Kohli, 1996; Narver and Slater, 1990; Slater and Narver, 1994 and 2000). Customer orientation characteristics include customer communication, customization capability, customer service, and consistency. The customer communication characteristic refers to in-place mechanisms and practices directed at initiating, maintaining, and expanding dialogue with customers to assess and better understand product use, needs, expectations, and satisfaction both present and in the future (Day, 1993 and 1999; Conduit and Mavondo, 2001). The customization capability characteristic describes the capability and willingness of a firm to customize products and orders, meet unique needs quickly, and adjust to changes in market shifts and requirements (Lukas and Ferrell, 2000). This quality is an extremely desirable capacity in overall customer service and improves the likelihood of success for firms that have a focused market orientation. Customer service refers to dedication of resources and time to providing service requisite with premium prices and quality products, guiding customer product decisions, providing options, choices, and immediate response in terms of customer interests. Meanwhile consistency can be described as the ability to utilize size and internal expertise to provide assurance of consistent fulfillment of customer needs requisite to premium products and the capability of meeting unique needs or ability to speak directly to ownership/management to address concerns or requests (Brady and Cronin, 2001).

Additional strategy supportive qualities include, disintermediation efforts, maintaining a quality focus, being a market leader, being innovative, and maintaining an aggressive market and customer focus. Disintermediation or efforts at vertical or horizontal integration allow firms to add value through process efficiencies and further meet customer needs which permits the ability to provide for, identify and maintain niche and specialty markets that otherwise would not present themselves (Pires and Aisbett, 2003; Kothandaraman and Wilson, 2001). In addition, developing an engaging stakeholder environment, and flat structure that promotes, open communication and a positive collective approach, engaging and committing stakeholders (owner/managers, employees, and customers) while increasing individual responsibility, and lowering organizational barriers are beneficial qualities as well (Slater and Narver, 1995 and 2000; Kumar et al., 1998).

Market intelligence and competitor understanding is an underpinning factor as well and is displayed by an understanding of market trends, opportunities and competition developing from multiple sources including internal and external communication, and continual managerial exposure to multiple facets of business operations (Slater and Narver, 1995 and 2000; Kohli and Jaworski, 1990; Lutas and Ferrell, 2000). Bolstering these efforts are communication flow and firm flexibility. Communication flow is described as ongoing dialogue without barriers throughout the organization, characterized by informality, flexibility, and mutual respect and promoting ongoing strategic planning allowing pursuit and fulfillment of aforementioned competitive advantages. Firm flexibility, the all around flexibility associated with the organization's management/ownership wherein a setting where problems and opportunities are readily recognized and dealt with efficiently throughout the organization allowing exploitation of unique business opportunities and rapid response in the way of customer solutions is promoted (Tokarczyk et al., 2007; Conduit and Mavondo, 2001).

While execution of a market orientation is not predicated on a firm maintaining all of the aforementioned qualities and resources, each one may have bearing on the overall successful implementation of strategy. Moreover, the relative mix in which they are held, encouraged, and applied may be an explanatory factor in understanding the varying performance among the firms employing the strategy.

Passively Consumed Commodities and Differentiation

While consideration of industry transition and firm-level strategy are poignant in that they provide an awareness of trending and a means of transition, there remains a need for review and focus on the end consumer to permit a complete analysis (Industry → Firm → Consumer). As noted, an aspect of a successful market oriented strategy is identifying consumer interests and wants and providing those in a way that is unmatched or better than competitors thereby creating a relationship and differentiating the product or service being offered. Within the wood-based building product industry, particularly in the realm of commodity products, the prospect of product differentiation has been challenging at best as there are limited product dimensions on which such opportunities avail themselves and consumption is primarily passive (Crespi and Marette, 2002; Sinclair and Seward, 1988).

A notable industry effort toward differentiation includes eco-labeling which had been expected to prove useful as an additional product dimension which could be used to develop a consumer relationship and guide behavior by communicating ecological standard assurances (Fischer et al., 2005). Despite high expectations, the ability of eco-labels to influence consumers outside of limited niche and product groups has proven unsatisfactory (Anderson and Hansen 2004; Vlosky, 2011). An explanation of the failure of eco-labels to more effectively drive behavior is explained in part by the passive nature in which wood based building products are consumed. Differentiating factors such as eco-labels tend to have a positive bearing on behavior where consumption of the product or service is active and readily connected to personal consumption or public display, but where consumption is passive, influence is diminished. This disconnect could alternatively be described as passive consumption (Loureiro et al., 2002; Forsyth et al., 1999; Assael, 1984; Engel and Blackwell, 1982; Kassarjian ,1978 and 1981). Consequently, to fully implement and execute a strategy that is in part driven by consumer interests, it becomes imperative that firms explore and identify consumer motivations and interests so as to be able to provide desirable differentiating opportunities.

Ajzen's Theory of Planned Behavior (1991 and 1985) provides a framework through which differences between active and passive consumption can be explored through consideration of individual behavioral beliefs and attitudes, norms, and perceived behavioral control. According to the model, the challenge in differentiating passively consumed goods where few differentiating attributes exist is that there are fewer opportunities for personal normative or subjective norms to support or alter an individual's behavioral beliefs or attitude to drive purchase intent relative to active consumption scenarios (Carbone and Haeckel, 1994; Pine and Gilmore, 1998; Holbrook, 1994; Mathwick et al., 2001; Flemming and Christensen, 2007). Absent pre-existing behavioral beliefs (e.g. niche ecological concerns), consumer intent and ultimately behavior reflects more immediate product attributes (e.g. cost, access) (Anderson and Hansen, 2004).

Conversely, when choice involves an actively consumed good, consumer attitude and intent are more suggestible and reinforced even where dimensions of differentiation are lacking. For example, the direct connection between consumption and expected benefit (healthiness or taste) of an apple labeled as “organic” is such that behavioral beliefs and attitude raise intent and drive behavior regardless of norms. Alternatively, items that are publicly consumed (e.g. a car) may involve normative beliefs and subjective norms (e.g. brand) that drive intent and purchase behavior (Ajzen, 1985 and 1991).

With this in mind, influencing consumer behavior with respect to passively consumed goods becomes a question of identifying and positioning product attributes to those elements where strongly held behavioral beliefs and attitudes are held. In the realm of commodity products such as those in the wood-based building product industry this becomes a challenge as product dimensions are limited, although avenues do exist. The practice of eco-labeling supports this premise, albeit within a narrow range of consumers (Anderson and Hansen, 2004; Vlosky, 2011). Nonetheless the niche based success of eco-driven differentiation supports the expectation that avenues are available to support strategies of differentiation. Providing additional information on product dimensions such as origin of manufacture (e.g. United States or family business) may resonate with existing consumer behavioral beliefs, norms, and or perceived behavioral control in such a way as to increase attitude, intent, and behavior sufficient to drive purchase decisions.

Elucidating avenues of differentiation which are meaningful to consumers provides the foundation upon which strategies such as market orientation are executed. As noted, this is particularly meaningful in the wood-based building product industry as avenues of differentiation are sparingly available. Barring the ability to successfully differentiate a product, participating firms are forced into the traditional role of cyclically producing to demand and expending resources to reduce cost and increasing productivity, both of which are untenable with respect to producing sustainable competitive advantages.

Research Methods

In evaluating research objectives and considering questions of interest, this work employed both qualitative and quantitative research methodologies incorporating secondary and primary data. On their face, both methods offer advantages and challenges capable of providing different avenues of insight to research questions of interest. In this regard, qualitative research permits a closer perspective of individuals and events, which can provide a unique insight to the specific activities and abstract qualities which together coalesce to drive outcomes. There is a general expectation that direct observation and unstructured interviews and observation hold the potential for recognition of otherwise unrecognizable findings as well as clearer and truer consideration of the data pertinent to the question being considered (Flyvbjerg, 2001). To follow on this, qualitative approaches avoid manipulation of data necessary to fit within the parameters of analysis associated with quantitative methods of inquiry. By contrast, quantitative methodologies offer alternate advantages, the most notable of which includes verification and generalizability both of which are typically lost in qualitative efforts or at best available to a much lesser degree, however this loss only becomes a concern if statistical corroboration and generalizability are of primary importance to the question(s) of interest (Ritchie and Lewis, 2003). Additionally, quantitative methods tend to be significantly more resilient to investigator bias in data categorization and analysis when compared to qualitative analysis. Regardless of differences, both approaches offer distinct advantages according to the investigative questions of interest and for the purposes of this work each was employed according to need and associated benefits.

Results and Conclusions

The objectives previously identified are addressed in the proceeding chapters through application of the noted theory and methods. Of the three chapters the first two have been published in peer reviewed journals and the third will be submitted to a peer reviewed journal.

Creating Intangible Competitive Advantages in the Forest Products Industry

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Introduction

Identifying and meeting the needs and wants of customers is the basic means through which firms endure and prosper This marketing concept dictates that companies should seek to understand their customers and in turn develop products and services that meet customer needs better than the competition. For the market-oriented company, many tools are employed to accomplish this goal. A tool that is growing in importance for the forest sector is branding.

At the time of the Pharaohs, brick makers in ancient Egypt began placing symbols on products to identify producers and build their reputation. In medieval Europe, trade guilds used trademarks to ensure quality and legal protection in exclusive markets. By the 16th century, distillers burned or "branded" wood barrels to identify producers, in the l9th century, names and pictures of animals, places, and famous people were placed on products to strengthen positive associations between the product and the image. By the 19th century, product branding was being employed as a means of elevating perceived product value (Farquhar, 1989).

Following history's example, academic and practical focus on branding has traditionally considered consumer goods in business-to-consumer environments (retail settings); examples include Coca-Cola, Ford, and Nike. This view, however, has broadened in recent decades and today considerable branding attention is given to a wider variety of product types (commodity to specialized) as well as other competitive settings, including business-to-business (e.g., mill to distributor). This expanded attention and commitment to branding follows from a realization of the promise and benefits it offers all firms. For example, increasing numbers of business-to-business oriented brands such as IBM, Boeing and Caterpillar have recently become highly recognized (and valuable) international brands. In the case of Caterpillar, the firm has experienced such success with its business-to-business brand that it is now successfully used in consumer product branding (clothing, shoes, etc.).

The What, How, and Why of Brands

While the history of branding and associated benefits is well documented, the manner in which brands influence consumers is less well known. Keller and Webster (2004) provide insight in this regard by describing a brand as being a "psychological phenomenon" that occurs in the minds of consumers, where through direct and indirect interaction (e.g.. personal experience, advertising, or word of mouth) the brand begins to assume significance. As interactions progress, brands take on and convey meaning, while influencing consumer perceptions, attitudes, interactions, beliefs, and behaviors toward the product and brand. Under this view, the brand essentially encircles a product, giving it substance beyond basic qualities (e.g., physical attributes and price). In addition to differentiating its products from comparable products, the brand facilitates development of a relationship (Keller and Webster, 2004) between the consumer and the brand.

"Brand knowledge" is a term used to describe the overall positive or negative psychological meaning a brand holds in consumer minds. Overall, brand knowledge can be high, low, positive, or negative and is composed of two principal elements: brand awareness and brand image. Brand awareness is essentially familiarity and is a measure of how well the firm has communicated its brand in the market (e.g., most consumers know that John Deere produces green and yellow tractors). Brand image correlates with the brand perception, positive or negative. It is in effect the brand's personality, formed by multiple elements and product attributes, including but not limited to personal experience, nature of advertising, public image, and other benefits that together make the brand (and consequently, the product) attractive, distinct, desirable, or something to avoid (e.g.. Corvette = desirable, high quality, strong image vs. Pinto - undesirable, poor quality, bad image).

Given the multi-faceted nature of a brand, it becomes apparent that developing a strong brand involves more than just selecting and promoting a catchy name, term, design, or symbol (American Marketing Association, 2006). Instead, a successful brand must deliver functional benefits and appeal to consumer psychological concerns. Because a brand is a psychological entity, brand selection, development, and management must occur with care such that its meaning is preserved, continually enhanced, and so that customers form strong bonds, allowing the brand to grow, and positively influence purchase decisions (Keller and Webster, 2004).

Given the size of many markets and the number of competing products, it should be recognized that building strong brand awareness and a positive brand image is typically a long-term process that requires commitment and resources. Nonetheless, every company has a name or symbol that serves as its brand whether it is actively promoted or not. It is incumbent on every firm to take charge of its brand, firmly determine what it should mean internally and externally, arid actively manage all associated touch points (communications, experiences, etc.) between the brand and customers. Without a firm commitment to identifying, continually communicating, and delivering what the brand stands for and means, the brand and resulting image in the minds of customers is left to chance. Uncertain results will likely follow. Even though the task of building brand awareness and maintaining a positive image is daunting, it is a considerably more arduous and expensive task to remediate the consequences of a failed brand promise or poor brand image.

Historically, the forest products industry has been largely commodity driven with a concentration on production rather than market concepts and branding considerations. While the commodity-oriented facet of the industry continues to constitute an important element, recent decades have brought considerable change in the forest sector market environment, affecting the entire industry in terms of function, focus, production, planning, and business strategy. In light of these changes, the potential value and importance of branding as a strategic tool and core element of any competitive strategy becomes particularly relevant. Furthermore, when considering the increasingly complex and competitive nature of modem markets (partly a function of an ever growing array of products and substitute offerings in all forest business sectors), branding consideration and focus should continue to develop not only for the benefit of the individual firm, but the entire industry.

A Market in Flux: Internal and External Drivers

Drivers of change, internal and external to the forest products industry, are regularly adjusting the rules, standards, and concerns of business and competition. Although multiple elements have contributed to an evolving industrial landscape, the principal agents of change are technology advances, increasing globalization, shifting channel dynamics, and political/social change. Together these elements have significantly altered the historical business climate and created an increasingly difficult and complex business environment.

Technology Advances

Perhaps no area of change in the industry has been greater than the advances in technology, which have affected every point along the value chain from forest management to milling interests, product mixes, and core business strategies, Innovation is a significant driver, ushering in a diverse array of new or modified processes and products.

Many of these advances have been positive for the industry by expanding either production capabilities, product offerings, or both. However, they have also served to "muddy" the sales/product landscape with an exceedingly diverse array of competing offerings, producers, and brands, both within and across product categories. For example, flooring has seen dramatic changes with the introduction of laminate and engineered systems to complement traditional solid sawn tongue-and-groove flooring products. An informal "web" review performed in 2006 of product offerings from 10 different flooring producers yielded 23 national brands offering over 1.200 product options. Similarly, a review of 11 siding producers manufacturing engineered, fiber cement, and wood siding yielded 19 national brands and over 900 product options. Similar results in terms of competing brands and product arrays are found in categories along the entire value chain. While not considered in the review, channel variability (exclusive distribution sites, internet, multiple wholesaler, distributor, etc.) offers an additional level of complexity to the competition and differentiation equation.

Despite their limited scope, these web reviews show the wide variety of forest products manufacturers and product options available and illustrate the potential for consumer frustration when faced with myriad options. For manufacturers, this scenario decreases the likelihood of stabilized demand, premium pricing, and customer loyalty, while increasing competitive threats and limiting channel power and differentiation ability. For customers, there is increased potential for decision making mistakes, time costs, post-purchase dissonance, and lower product loyalty. In the absence of effective differentiation and communication strategies, companies are inevitably forced to compete on factors beyond quality and performance and more on price, a situation unsatisfactory to many, especially since there can be only one low-cost leader.

Beyond raising competition and complexity within the forest products industry, technological advances have served competing interests as well. Increasingly, wood products alternatives, substitutes, and new construction methods are being developed and employed. This phenomenon is seeing competing industries actively making inroads in traditional forest products markets. For example, according to APA-The Engineered Wood Association, between 1997 and 2004 the percentage of panelized, concrete, and modular residential structures constructed rose 12 percent (APA, 2005), at the expense of stick-built structures.

Globalization Continues

As distribution and production capabilities improve internationally and shipping costs decline, international competition is putting pressure on the U.S. forest products industry. Additional factors include high production costs in the United States relative to other regions, exchange rate trends, reduced transaction costs, and entry of new and non-traditional suppliers from domestic and international markets. Recently, markets have been strong, with forest products consumption rising approximately 4 percent in 2004 throughout North America, Europe, and the Commonwealth of Independent States. However, U.S. imports of solid wood products are growing while exports are diminishing as reported by the Food and Agriculture Organization of the United Nations. According to the U.S. Department of Agriculture, solid wood imports have risen over 300 percent while exports have fallen over 20 percent between 1991 and 2004 (USDA FAS, 2005). Given that the United States has historically been stronger in terms of its import/export position, this trend suggests a growing competitive concern and a testimony to the effects of globalization.

Shifting Channel Dynamics

Changes in marketing channels, both vertical and horizontal, have affected product supply, flow, and distribution. Channel power refers to the influence or control a channel member may hold over others. Consolidation through acquisitions, mergers, and closures has given more power to manufacturers over traditional customers such as wholesalers. However, the emergence of large retailers (such as The Home Depot and Lowe's) has been the most dramatic power shift in forest products channels. The fast growth of these retailers has shifted significant channel power in their direction. In response, manufacturers are working to increase communication, interaction, and establish long-term relationships via contracts and financial investment between channel members.

For decades, the industrial customer (distributor, contractor, lumberyard) has been the primary market of forest products companies; however, the growth of do-it-yourself (DIY) consumers and ongoing political and social change have brought new business considerations that previously were not an industry concern. The U.S. market for DIY products in 2004 exceeded $63 billion, which is a 5.5 percent increase over 2003 as reported in the *Euromonitor International (2005).* Because the DIY group varies from industrial customers in terms of purchase patterns and product applications and needs, sellers and other channel members must consider how DIY interests and impacts translate to product mixes, distribution channels, and general business strategy.

Political and Social Change

Just as political and social entities combined to force change in resource availability with the Northwest Forest Plan over a decade ago, public concern and policy changes continue to affect forest products interests. In particular, issues such as sustainability, harvesting practices, and product safety force the industry to address business practices along the entire value chain. A 2006 APA article taken from a report entitled *Ensuring Market Access for Wood Products*, prepared for the Canadian Wood Council, reflects this by noting that a wide variety of national and international environmental groups (e.g. Sierra Club. Greenpeace, Natural Resources Defense Council) have made forests a principal issue in fundraising and lobbying campaigns. The focus of these groups ranges from fighting plantations and clearcut logging, to pushing for reduced consumption, an increase in protected areas, and more rigorous certification. Lately groups like these have begun focusing on large visible wood and paper purchasers, hoping to force them to pressure wood companies to alter practices. Industry veterans believe this greater public scrutiny could impact both sales and natural resources policies.

The report also notes that consumers are often misguided regarding the environmental impact of wood, with 58 percent believing that "reliance on materials other than wood will have a positive impact on the environment." Other industries are using these misconceptions to their advantage. Over the past 7 years, the American Plastics Council has spent $25 million annually to improve the public perceptions of their products. Key messages include "no trees will die because of this packaging" and "save a tree, use PVC." In addition to building market share, the plastics industry believes that this campaign has contributed to minimizing regulations against the industry.

Policy changes pose additional challenges. "Green building" has quickly become one of the fastest growing environmentally focused building activities in the United States. The Green Building Council (USGBC) and its associated Leadership in Environmental and Energy Design (LEED) program are promoting a "certification system to distinguish buildings and designers that have met certain environmental and performance requirements." Today, LEED is quickly gaining ground with federal and state interests. Several cities, such as Seattle, are expected to mandate that all public construction meet LEED requirements. While forest industry interests are represented in USGBC code development, many feel wood is severely underrepresented as a building material in current codes.

In the case of sustainability, certification, and "green building," there is an expectation that effective environmentally conscious or "green" branding may limit or even dispel industry, company, or product exposure to political or social disruptions. Columbia Forest Products' recently developed PureBond ™ brand plywood represents a product and brand response to recent debate regarding formaldehyde emissions from traditional plywood adhesives (see sidebar on page 5).

Just as the Plastics Council has taken advantage of public sentiment, strategic branding in the forest products industry (on an industry level) can perhaps offer a means of minimizing or controlling the effects of a shifting social/political environment. The industry has moved in this direction through use of the Wood Promotion Network's "Be Constructive - Wood" campaign (supported by over 330 forest products companies). The campaign promotes forest products to builders and consumers through television, print advertising, trade shows, and special events. It communicates various messages that support the affordability, design flexibility, and sustainability of wood over the long term. Ideally, efforts such as this will help stabilize and build consumer perceptions of wood now and in the future.

Columbia Forest Products, Birth of a New Product and New Brand: PureBond™

History of the Firm: Columbia Forest Products, headquartered in Portland, Oregon, was founded in 1957 and has grown to become the largest manufacturer of hardwood veneer, hardwood plywood, and hardwood flooring products in the United States, specializing in decorative, interior veneers, and panels used in high-value furniture, commercial fixtures, flooring, and cabinetry. Despite a history of positive growth formed on strong customer reputation, distinctive brand, varied product mix, and leadership in green products (early FSC commitments), the firm has been experiencing the pressure of increased international competition. Consequently, the firm has been pushed to identify new ways of differentiating itself and its products to maintain competitiveness.

Technological Innovation Brings New Product Offering: Recently, concern over formaldehyde emissions from urea-formaldehyde resin adhesive used in panel production has grown and zero formaldehyde added panels are increasingly being specified in schools, hospitals, public institutions, and Leadership in Environmental and Energy Design® (LEED) projects. In light of these trends, Columbia recognized the market advantages a non-formaldehyde adhesive would offer and invested in soy-based adhesive research being conducted in the Wood Science and Engineering Department at Oregon State University. Ultimately, these research investments and efforts bore fruit and in 2005, Columbia announced that it would begin conversion of all its "standard veneer-core hardwood plywood production to a *formaldehyde-free manufacturing technology*," under the product name PureBond™.

Building a New Brand: To complement the new product, Columbia is executing an aggressive and extensive branding campaign to support PureBond. Among the initial customer groups being targeted are architects and others who specify material used in building design, particularly those involved in public works and LEED projects. To generate discussion and raise awareness, Columbia developed a series of provocative ads that highlighted the non-formaldehyde character of PureBond. Some ads featured a preserved frog or brain in formaldehyde or a covered cadaver mentioning the use of formaldehyde in embalming. More general ads have also been used (see mussel ad below) and recently a new series of ads targeting value-added producers such as cabinet makers has been developed. In time, it is anticipated that the focus of PureBond's branding and marketing activities will extend further to include end consumers in an effort to further solidify a product pull effect, which should provide added channel power to Columbia via PureBond products. Columbia has chosen not to attach a "green premium" to PureBond. Beyond being somewhat novel, this strategy benefits PureBond in that with standard pricing the brand immediately becomes more desirable to customers while placing pressure on competing products and brands. This pricing structure and branding effort will continue as Columbia brings the new technology to their flooring and veneer facilities, allowing continued strengthening and promotion of the brand and industry as a whole.

The Response: Since its introduction, PureBond has received accolades (*Architectural Record* magazine Editors' Pick for outstanding building product and Building Green™ Top 10 products) and some criticism, all of which has raised awareness of the product and brand. Additionally, the state of California (Air Resources Board) will soon identify new formaldehyde emission standards that are projected to be quite strict. Columbia sees the change as an opportunity to "help their customers stay ahead of regulations."

Conclusion: The PureBond story illustrates many of the issues and ideas discussed in this article. While the efforts of Columbia to develop a strong brand for their new product takes center stage, the brand is an end result of many factors that led them to develop PureBond. International competition coupled with political and public concern over formaldehyde emissions provided impetus for Columbia to identify product differentiation opportunities. Also, technology and innovation drivers facilitated the development of a soy-based adhesive and a new product offering. It is worth noting that while competitors may be frustrated by the current competitive advantage PureBond holds, the innovation should in the long run benefit the industry as a whole. Through these advances and efforts, wood remains a competitive building material that could have otherwise lost important market share to other innovative products capable of meeting increasingly tighter emissions standards.

Sidebar 1. Columbia Forest Products Formaldehyde Free PureBond.

Evolving Environments = Evolving Strategic Orientations

Within the forest products industry, adaptation to the aforementioned challenges becomes critical. Just as markets change, so too must business strategies. Competitive necessity dictates that companies explicitly develop or by default implicitly adopt and pursue strategies that emphasize core competencies, competitive advantages, and or other capabilities that allow them to effectively compete. While the number and nature of business strategies are diverse, the principles that drive them are largely similar and generally build on one or several basic strategies: production, sales, and market. These principles guide the business and its resulting market strategies (Kohli and Jaworski, 1990 ; Jaworski and Kohli, 1993).

Begin with Branding at the Source

Product differentiation and reinforcement through branding, coupled with high quality products and good service, offer a powerful means of responding to external competitive threats such as lost market share, product complexity, and international competitive forces. Towards this end, "place-of-origin" branding for wood and wood products has been growing in the United States. These campaigns aim to create an identifiable brand for the raw and value-added products produced in a region by raising consumer awareness, instilling brand recognition, and creating a positive image for regional forests and products. Minnesota, California, Vermont, and Oregon have all implemented this type of program.

State Campaign	Mission	Symbol
Minnesota Wood Campaign	"The Minnesota Wood Campaign brings to the world's attention the natural qualities and sustainability of nothern Minnesota wood- and forest-based products and the abilities of the people who make them."	True North Woods
California Grown	"The campaign is a public-private partnership, supported by the state (Dept. of Food and Agriculture) and federal government (USDA) as well as hundreds of growers.	California CA GROWN Be Californian Buy California Grown
Vermont Quality Wood Products	"The Vermont Council on Rural Development received funding through a grant from the U.S. Economic Development Administration for a marketing and design project... to help address the opportunities and threats faced by the industry and to expand sales..."	VERMONT
Brand Oregon	"Brand Oregon Initiative is about the future. It's about creating a coordinated, sustained brand that communicates the personality of our state... The key... is a sustained effort over time. Brand building is a long-term commitment, as the impact...has been shown to build exponentially over time."	OREGON BORN

Sidebar 2: Regional Material Branding Efforts.

Competitive advantages can be developed and exploited through any number or combination of competencies (marketing, supply, acquisition, production, or distribution) (Hall 80, and Porter, 85). However, competitive advantages created through these avenues are inherently imitable and unsustainable, delivering strong performance for a limited period of time. A sustainable competitive advantage results when the source of superior performance is inimitable and allows the firm to attain above-average performance despite competitor efforts at duplication (Aaker ,88). While brand development strategies are no guarantee of developing a sustainable competitive advantage, case studies have shown that a strong brand combined with other firm assets, resources, and competencies can be intertwined into a brand identity resulting in value and meaning creation for customers that is difficult or impossible for competitors to imitate (Fournier, 1998; Urde, 2003).

An example of a brand-developed sustainable competitive advantage is Morton Salt. Even though salt is a very basic commodity product, Morton has consistently been the number one salt brand in the United States for over 100 years. For every two containers of salt sold in the United States, one is Morton, despite a 10 to 25 percent premium over generic brands (Grassl, 1999). When successfully pursued and developed, brands can acquire not only a sustainable competitive advantage but can develop an emotional and symbolic value for organizations, which can lead to customers developing relationships with brands.

While a sustainable competitive advantage is a long-term goal, brand development is pursued for a variety of more immediate benefits, including product differentiation and extension of competitive advantages (Dick and Basu, 1994) over direct and indirect competitors (substitute products), price premiums, and market share (Aaker, 1996; Assael, 1996; Holbrook, 1992). Additional company benefits include more stabilized demand, improved customer loyalty, and higher entry barriers (Keller, 1993 and 1998).

Branding: Not New to the Forest Products Industry

Although the forest products industry does not have a reputation as a trendsetter in the realm of branding, there are several past examples of well-coordinated, creative, and long-term branding campaigns in the industry. Perhaps the earliest notable example is 4-Square by Weyerhaeuser Company.

The origins of the Weyerhaeuser 4-Square brand are found in the late 1920s when public concern over lumber quality threatened to disrupt grading and selling practices. Weyerhaeuser took this situation as an opportunity to develop a premium product line that not only addressed public concern, but also grew the company image while complementing standard products.

Elements of the 4-Square plan included developing and promoting a premium lumber line through value-added activities and innovative production, marketing, and distribution methods (Hidy et al., 1963).

At the time, the 4-Square plan was a pioneering concept for the industry on a number of levels, particularly given that lumber was predominantly viewed as

Sidebar 3: Weyerhaeuser 4Square Lumber Advertisement**.**

the most basic of commodities with little to no opportunities for differentiation, let alone premium pricing. In addition to marketing, production, and distribution innovations, the *4*-Square plan was ahead of its time in the use of extensive national advertising targeting final consumers, most notably via *The Saturday Evening Post.* The extensive use of consumer-oriented advertising and services planted a seed in the minds of consumers that increased both

Weyerhaeuser 4-Square Lumber

Initial Plan and Product Specifications

Weyerhaeuser created the premium 4-Square lumber brand through a multi-tiered marketing approach, adding value to the product, consumer, and distributor in each phase of production. Consumer and distributor oriented product improvements included visibly labeling selected lumber with a brand name, grademark, and company-backed guarantee. Additional improvements included the use of protective packaging, trimming to exact lengths, and precisely squaring the ends (labor and waste-saving innovations). Other product considerations included improved loading and shipping care policies such as cleaning railroad cars. Additional product improvements continued after the initial release in the form of liquid sealing to stop end checking and "easing the edges of dimension." Together these practices enhanced the appearance and quality of lumber arriving at "authorized" dealer locations.

Complementing these moves, the 4-Square program developed brand extensions (other products with 4-Square name), offered supplier training, created a purchasing division to supplement product mix and supply, developed a dealer authorization program, offered credit programs, and created a 4-SOUARE building service, which produced blueprints and displays to stimulate customer interest and product applications.

Hidy, R., Hill, F. and A. Nevins. 1963. Timber and Men: The Weyerhaeuser Story. Macmillan Company, New York

Sidebar 4: Weyerhaeuser 4Square Program.

brand awareness and image for 4-Square, and the company as a whole. As the program progressed, the 4-Square brand and associated products continued to grow. In the words of one company executive, the program was "one of the most significant developments that has ever taken place in the marketing of lumber." 4-Square was unique in its benefits bundling approach in terms of product quality, product identification, and ancillary merchandising activities (see sidebar on page 8), which provided a positive touch-point to both consumers and distributors (Hidy et al., 1963). Even though 4-square is no longer a flagship brand, it served to create multiple benefits for both the company and industry. For the company, a competitive advantage that spanned multiple decades was created, bringing brand-developed benefits such as increased market share, premium pricing, enhanced brand awareness and image, overall company awareness, and profitable brand/product extensions. Perhaps more importantly, 4-Square positively affected the entire industry by demonstrating that a basic forest product can in fact be differentiated and promoted beyond traditional environs. Additional industry impacts included an overall improved image (given that prior to release public and government concern over wood quality and misrepresentation threatened to disrupt industry commerce), introduction of product advancements (smooth edging, product description, and packaging), heightened product standards (by publicly exhibiting higher standards in terms of product quality, 4-Square forced other industry members to improve their offerings as well), and new product marketing methods (product guarantee, promotional materials, advertising, and packaging). Together the 4-Square products and programs served to show the industry the potential opportunities for developing, managing, and communicating about forest products (Hidy et al., 1963).

In Terms of Branding Experience, Paper is One Step Ahead

While the intensity of marketing that characterized the 4-Square campaign was impressive, the structural wood sector of the industry has for decades lagged behind the paper sector in terms of brand and marketing campaigns. Two primary reasons exist for this discrepancy: 1) the paper industry involves more business-to-consumer interaction and consumer-oriented products compared to the structural wood sector (however, with tfie growth of DIY consumers, this is quickly changing): and 2) paper production is inherently a more capital intensive and larger market than structural wood products, which leads to greater investment in development and pursuit of competitive advantages. These differences have resulted in the paper sector developing a demonstrated awareness of and capability in leveraging branding opportunities (S&P, 2006).

A “Branded House” or a “House of Brands?”

Depending on the number or nature of branded products a firm holds, different “brand strategies” may be involved. Firms with many branded products largely follow the "house of brands" or "corporate brand" (Aaker and Joachimstahler, 2000) approach. Kimberly-Clark provides a good example of house of brands strategy (Fig. 1). Under this approach, the corporate name is largely obscured

Figure 1. Building a house of brands.

and each product/brand is treated as its own entity separate from other products owned or promoted by the firm. Benefits of this approach include the opportunity for each product/brand to develop its own brand personality, market position, value, and identity while simplifying evaluation of product/brand performance and limiting exposure from poor publicity or other unanticipated misfortunes that could otherwise transfer to the parent or other brands. A drawback of this strategy, however, is that each product requires a custom brand program that considerably raises expenses.

In contrast, the corporate brand strategy gives precedence to the firm name or symbol; all products may be sub-branded with their own name or symbol but most communication, labeling, and advertising focuses on the corporate producer. International Paper (IP) provides an example of the corporate brand approach. At IP, individual products generally have a distinguishing name or symbol familiar to customers, yet the IP name and symbol are the principal elements in customer-focused communication and packaging. By focusing on the firm itself, a single brand image, name, position, and value can be communicated, which simplifies and collectively strengthens the overall company brand and associated products. By focusing on the corporation as opposed to the product, brand management of multiple products is simplified, reducing advertising expenses (fewer separate brand campaigns) while building overall firm image, awareness, and increasing overall brand communication cohesion.

Georgia-Pacific (GP) effectively demonstrates a combination of strategies. GP executes a multi-layered approach by managing consumer paper products (house of brands), basic structural products (corporate brand), and more value-added structural wood products (branded house) separately. The branded house strategy requires that equal attention, effort, and resources be devoted to the product brand name and the corporate name (e.g., GP Plytanium Plywood). This strategy allows strengthening of the corporate name while supporting growth of the individual product brand as well.

Recent Industry Success in Leveraging a Brand

The structural forest products sector is becoming increasingly effective at branding. In a move reminiscent of 4-Square efforts, Tbe Trex company bas developed an exceedingly strong brand that rivals many paper and standard consumer products in terms of consumer brand knowledge. Trex has accomplished this feat by taking advantage of advanced composite production capabilities, identifying and incorporating market/customer-oriented product designs (durability, low maintenance, product guarantee, colors, and texture), and maintaining a commitment to creative and targeted consumer communication through a variety of media (see sidebar on page 9). Armed with a premium brand bolstered by vigilance and smart management, Trex has parlayed this strategy into tremendous growth and is now the largest manufacturer of alternative decking products (and only 10 years ago it was an obscure division of Mobil Oil company).

Trex Marketing and Brand Strategy Commitment

"We have invested approximately $43 million during the last three years to develop Trex as a recognized brand name in the residential and commercial decking and railing market. Our sales growth in the decking and railing market will largely depend on our success in converting demand for wood products into demand for Trex and our long term success in preserving our market share advantage over our many decking and railing competitors

We have implemented a two-pronged marketing program directed at consumers and trade professionals. We seek to develop brand awareness and preference among consumers, contractors, and project designers to generate demand for Trex among dealers and distributors. Our branding strategy promotes product differentiation of Trex in a market that is not generally characterized by brand identification. This strategy enables us to command premium prices compared to wood, gain market share from wood and alternative decking producers, and maintain more price stability for Trex.

Our marketing program includes consumer and trade advertising, public relations, trade promotion, association with highly publicized showcase projects, and sales to influential home design groups. We actively invest in market research to monitor consumer brand awareness, preference and usage in the decking and railing market."

Trex Company Annual Report, 2004

Sidebar 5. Trex Decking Brand Strategy

A Good Brand is Not Always a Guarantee of Success

In spite of the demonstrated benefits that can flow from strong brands, development of a positive brand is not necessarily a guarantee of a competitive advantage, in many respects, The Collins Companies could be considered a pioneer in the modern era of forestry. In 1993, the company became one of the first in the United States to certify its forests with the Forestry Stewardship

Council. This move coincided with a "green" product strategy using the brand "CollinsWood , The First Name in Certified Wood Products."

These efforts brought awards (Presidential Award for Sustainable Development, Green Cross Millennium Award, Governor's Sustainable Oregon Award, and others) and considerable positive press and public relations that collectively raised tbe awareness and image of CollinsWood products. Despite the brand exposure and product differentiation, the company was initially unable to establish a solid competitive advantage from these strategic moves.

Among early market tests, sales of pine shelving through The Home Depot initially appeared promising as premiums and high demand were experienced, but due to supply concerns the partnership and product line was discontinued. A second effort included exclusive sales of furniture stock. This market also brought a premium and high exposure: however, limited sales ended the relationship. Other markets pursued included veneer logs, construction lumber, and flooring products. However, none of these initial forays brought the envisioned price premiums or competitive advantages expected from the new strategy and brand.

Not to be discouraged by initial disappointments, the Collins Companies maintained a strong commitment to certification and furthering of the CollinsWood program. Several years after introduction, commitment to the brand has now begun to pay dividends via a positive brand image and awareness. From a product standpoint, this commitment to branding has proven advantageous in that today the CollinsWood brand effectively focuses and raises the profile (internally and publicly) for each of the firm's products, from softwood and hardwood lumber and particleboard to value-added siding (Fig. 2). Ultimately, the CollinsWood brand has become a cornerstone in all company activity, giving added direction, purpose, and satisfaction to all parties involved, from generation and harvest to milling, sales, and finally consumption. The Collins Companies are in effect living their brand, by identifying and observing an overall brand message and promise (environmentally conscious, sustainable, quality, unique, premium, responsible, etc.).

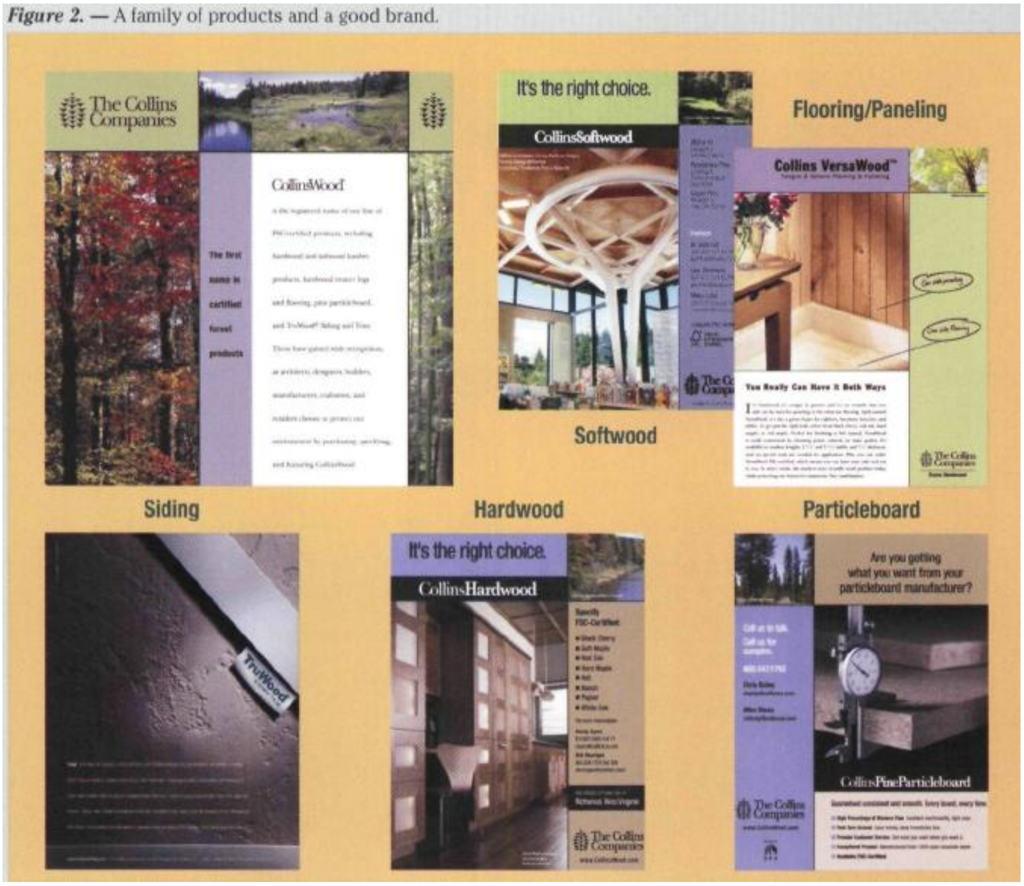


Figure 2. A family of products and a good brand.

The investment in CollinsWood was large and brand benefits were slow to be realized; however, of greater concern is an established brand that experiences negative publicity. Once a brand has been implanted in the minds of consumers it becomes a veritable magnet for all incidents and press associated with it, leaving indelible impressions both positive and negative. Consequently, it becomes imperative that brand-oriented firms actively work to manage and maintain a positive brand image in the minds of customers. The classic example of brand maintenance is Tylenol. In 1982, cyanide tampering of the product caused widespread public concern and a brand crisis. In response, Johnson & Johnson recalled over 250,000 bottles from stores and placed ads urging consumers to return any and all Tylenol for "safe" bottles. In addition, rather than attempt to downplay the incident, Johnson & Johnson kept the public abreast of all information regarding the case. They later developed a "tamper-proof" bottle to ensure safety. The company spent over $100 million to maintain the brand, but in the process reclaimed public trust and as a result of their quick action, the company ultimately elevated the brand from where it had been prior to the scare.

In the forest products sector, Louisiana-Pacific (LP) experienced a similar branding crisis. LP siding was installed on approximately 800,000 homes around the country from 1985 to 1995 and it was allegedly prone to premature warping, excessive swelling, and other concerns. Even though LP claimed these concerns were the result of improper installation, the company agreed to a $375 million settlement for affected homeowners (Schmitt, 2000). Despite the settlement and LP efforts to alleviate concerns over the product, the attendant publicity has negatively affected the LP name and brand.

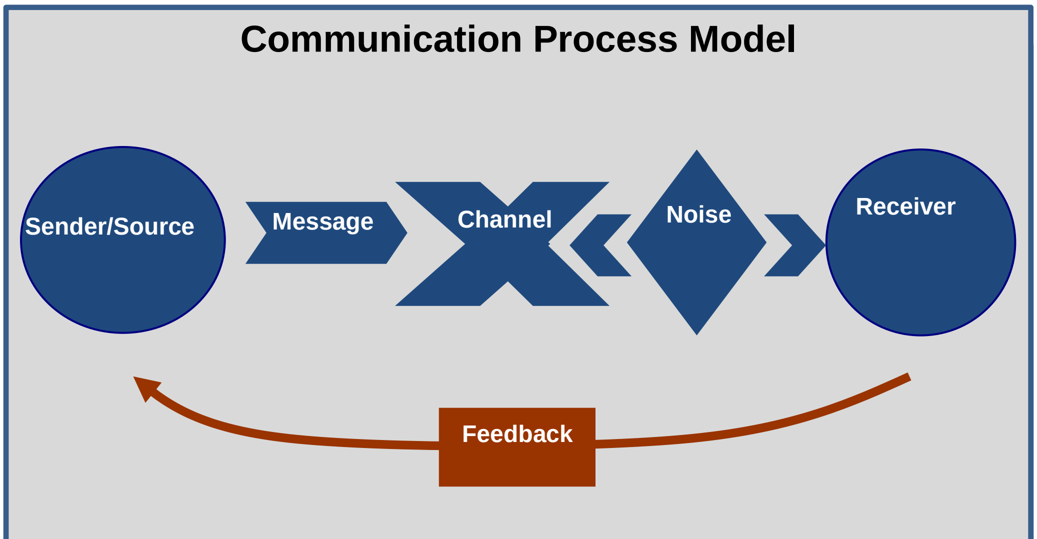
This situation highlights a distinct drawback of the corporate brand strategy and the importance of managing the brand. When the corporate name takes precedence, negative publicity threatens to impact all corporate products rather than the individual product in question. While the episode with LP siding is now old news, the situation has left a negative impression in the minds of many consumers, both those directly and indirectly affected, which is a problem that is difficult and expensive to correct.

Communicating the Brand

When considering branding strategies, communication (nature, type, method) becomes exceedingly important given its vital role in the building and maintenance of the brand. Because a brand resides in the mind of the consumer, and is subject to erosion, it is important that the brand and desired message be regularly refreshed and reinforced.

The Sender-Message-Channel-Receiver (SMCR) communication model (Fig. 3) remains a standard for understanding the process of sending and receiving communication (Shannon and Weaver, 1949). While the model has remained relatively unchanged since 1949, the manner in which communication occurs has changed dramatically: cable television, fax, e-mail, satellite television/radio, and an explosion of internet information portals (web pages, forums, etc.). Each of these developments represents a different communication channel that may or may not be suited for a particular product or message and that may require tailored messages depending on the product, receiver, noise, or communication intent (brand building, maintenance).

Channels that are receiving increased attention include sports sponsorships and public relations. Whether one or multiple channels are used, the sender must remember that each channel represents a unique group of receivers and messages must be tailored in order to achieve the best possible response.



- Sender/Source: Communication initiator the entity that develops the message (e.g. GP, LP, Trex)
- Message/Encoding: What the Sender is attempting to transmit to specific receivers, two components content and treatment affected by product nature and attitude, culture, market position, target receiver
- Channel: Medium(s) used to transmit the message (e.g. radio, television, billboard, newspaper, magazine, spokesperson, public event, etc.), multiple channels considered the ideal methodology
- Noise: Any interference with the communication (e.g. dog barks during TV commercial or coffee stain on magazine ad) to be received and understood in the way the sender desires the message must transcend possible noise
- Receivers : Individuals or groups the communication is directed towards, effectiveness determined by attention and comprehension which affect by view of sender, quality of message, and channel(s) used

Figure 3. Communication: Getting Beyond the Noise (Shannon and Weaver, 1949)

Many forest products firms have recognized these communication/interaction opportunities and are actively employing them to directly or indirectly communicate their product and brand (Fig. 4). It is important that the brand-oriented company effectively tailor messages to relay the brand in a manner that will penetrate the noise and be understood and entrenched in the desired receiver in order to enhance brand/product image and awareness.

Channel	Company	Communication
Radio	Bellawood PREFINISHED HARDWOOD FLOORS Certified 50 Year Warranty	"I like the Bellawood flooring so much I put it in my own house" – Bob Vila
Television	LUMBER LIQUIDATORS HARDWOOD FLOORING FOR LESS! 1-800-FLOORING	"Our floors have recently been see on these shows" • ABC's Extreme Home Makeover • Home and Garden Television • Do It Yourself (DIY) Network
Sports	TrusJoist A Weyerhaeuser Business	"Engineering and innovation – that's what gets Evernham Motorsports and Kasey Kahne to a strong finish at the track, and that's what drives Trus Joist to first place in the engineered wood products industry." • NASCAR
Sponsorship/PR	LP	"When LP© packed up and moved... to get involved in our new community, we did what we do best: We built together." • Habitat for Humanity
Periodical	JELD-WEN WINDOWS & DOORS	Periodicals: *Country Living, Real Simple, Better Homes and Gardens Special Interest Publications, Elle Décor, Martha Stewart Living, Sunset and Woman's Day Special Interest Publications*.

Figure 4. Picking the Right Channel for your message

Conclusion

Forest products firms are competing in an increasingly complex and competitive business environment facing a myriad of pressures, such as foreign competition and substitute products. One demonstrated means of minimizing the impacts of these forces is improved and targeted marketing through branding activities. Every firm, regardless of size, product mix, or product type, possesses a brand that can be actively communicated and nurtured for positive benefit. Many commodities have been branded to exceptional success. In fact, commodity branding is becoming common in the marketplace (think water).

Moreover, the industry as a whole stands to benefit as individual firms develop their brands (internally and/or externally). This benefit arises as wood products take on a positive association in the minds of consumers, regardless of their connection to the specific products and brand message being communicated. As positive recognition is generated, the industry as a whole stands to benefit in multiple arenas of interest and concern (e.g., policy positions, consumer sentiment, market share, etc.)-

Given the potential positive impacts of successful branding, the question for industry practitioners becomes" What are you doing with your brand, or more specifically, what is your brand doing for you and how can you make it better?" Managers should ask themselves:

1. What does our brand stand for... Quality, Price, Service, Innovation?

2. How can these qualities best be maintained, improved, and communicated?

Perhaps the value of brands in the forest products industry can be summed up best by several frank thoughts raised in a discussion with an industry veteran of 30 years. To paraphrase his words, "brands offer the industry a number of benefits... they help employees talk about the company... as consolidation continues there are a smaller number of companies out there and the brand becomes more prominent, more important," and above all else, "the brand is useful for maintaining relationships in the face of change..." These comments are a reminder of the opening paragraphs of this article. The main goal of branding is to develop customer relationships that can serve as a basis for building and maintaining firm growth.

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A Resource-Based View and Market Orientation Theory Examination of the Role of "*Familiness*" in Family Business Success

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Abstract

This paper consider the familiness construct within the resource based view of the firm by examining the manner in which intangible and other unique resources translate to competitive advantages held by family businesses. Specifically, this article through a case based approach questions whether the familiness qualities of a firm contribute to actualization of an effective market orientation thereby constituting a competitive advantage. Analysis of multiple interviews from family owners and managers suggests, that familiness qualities including but not limited to strategic focus, customer orientation, family relationships, and operational efficiency do contribute to a propensity for execution of an effective market orientation.

Introduction

Universally, competitive necessity dictates that companies explicitly develop or by default implicitly adopt and pursue strategies that utilize core competencies, resources, and or other capabilities held by the firm in such a way as to allow effective competition and fulfillment of firm objectives. The family business is not unique in this regard, and likewise to stay competitive must identify and employ resources and develop strategies that will lead to competitive advantages and success in the market. However, despite shared performance goals, family controlled firms are often unique entities when compared with non-family owned or controlled firms in regards to the resources and capabilities available for deployment and manner through which advantages are created or sustained.

Towards this end, there is ongoing debate as to the relative resource and capability advantages or disadvantages inherent to family owned businesses and their ability to create competitive advantages when compared to their non-family counterparts. The question then becomes, does being family owned or controlled lend itself to the existence or development of unique resources and capabilities that either individually or collectively can be parlayed into strategic and competitive advantages? Past research would initially suggest this consideration plausible, in that according to Habbershon and Williams (1999), family firms have been described as being "complex, dynamic, and rich in intangible resources." Assuming this to be true, and given that strategic and competitive advantages are derived, developed, and exploited through any number or combination of competencies, capabilities and in particular intangible resources (Barney, 1991; Hitt, Bierman, Shimizu & Kochar 2001), it is reasonable to expect that family firms are well positioned for creation and maintenance of strategic competitive advantages.

As Habbershon and Williams (1999) suggest, family firms are often characterized by "rich in intangible resources." However, recognizing that these qualities exist and serve as source antecedents of competitive advantage does not necessarily explain the manner by which family firms prosper through successive generations. Towards this end, the resource based view provides a foundation for identifying and explaining why differing firm resources can result in varied success or lack thereof. While beneficial as a framework for evaluation, the theory does not prescribe the specific manner(s) and or mean(s) through which these resources are leveraged to develop competitive advantages. In light of this we are interested in better understanding how these unique resources are translated into competitive advantages and success. This nature of query is not unique in that previous authors have identified and noted a number of different and demonstrated mechanisms (i.e. parsimony, patient capital, etc.) through which intangible resources translate into competitive advantages.

This paper, through a qualitative case-based approach, seeks to contribute to the stream of research examining the manner in which the "familiness" construct within the resource based view of the firm translates to formation of a competitive advantage by questioning its contribution to execution of a market orientation, a demonstrated source of competitive advantage. With increasing support for the concept that market orientation is a culture-based phenomenon (Dobni and Luffman 2000) effected and supported via the organization's core (Hunt and Morgan 1995) it is not unreasonable to presume that the intangible resources or "familiness" of a firm as identified via the resource based view lend themselves to actualization of an effective market orientation and subsequently a competitive advantage.

The Resource Based View and "Familiness"

In assessing the source, antecedents, and nature of firm advantages, multiple theoretical frameworks have been developed. Until recently, a framework capable of adequately evaluating family firms was unrecognized. Habbershon and Williams (1999) discuss this disparity noting that previously developed frameworks lacked an ability to account for the unique qualities inherent to family-owned firms. In this regard, multiple researchers (Habbershon and Williams, 1999; Cabrera-Suarez and De Saa-Perez, 1996; Cabrera-Suarez, De Saa-Perez, Garcia-Almeida, 2001) have turned to the resource based view of the firm as a theoretical framework for assessing strategic advantages in family businesses.

The resource-based view of the firm has emerged as a major paradigm in the strategic management field (Berman, Down & Hill, 2002; Barney, 1991; Conner, 1991; Wernerfelt, 1984). This view asserts that firms differ according to their resource endowments and this resource heterogeneity gives rise to differential performance. More specifically, valuable and rare resource endowments or holdings are theorized to result in superior performance for the firm. Accordingly, for superior performance to persist over time these valuable and rare resources must in some way be isolated from use or imitation by other firms (Rumelt, 1987). These isolating mechanisms include creation and maintenance of barriers to imitation and an inability to separate out valuable resources for sale through market mechanisms (Barney, 1986). By looking beyond traditional arenas (physical capital, human capital, organizational capital, and process capital) where firm resources are held, the resource based view allows consideration of an "idiosyncratic, immobile, inimitable, sometimes intangible bundle of resources" that to varying degrees commonly reside in the family firm making it a viable framework for analysis (Habbershon and Williams 1999). Within this view, the term "familiness" has been developed and widely accepted to describe the unique bundle of resources (available for establishing a strategic advantage) held and particular to family firms as a result of their unique systems, interaction among the family, individual members, and the business itself (Habbershon and Williams, 1999; Cabrera-Suarez, De Saa-Perez, and Garcia-Almeida, 2001).

As an example of the theory and application, multiple authors have drawn on the work of Nelson and Winter (1982) to argue that socially complex tacit knowledge that is diffused throughout a family firm may constitute a valuable intangible resource and an element of "familiness" and while not necessarily unique to the family firm, it is a resource prevalent among them (Barney, 1991; Reed & DeFillippi, 1990). Similar arguments concerning the role of tacit knowledge as a source of competitive advantage have been articulated by Kogut and Zander (1993), Teece (1982), Teece and Pisano (1998), and Berman, Down and Hill (2002). These authors theorize that tacit knowledge is difficult to imitate and all but impossible to codify. As such, tacit knowledge cannot be easily imitated or conversely, separated out for sale through the medium of market mechanisms. In other words, when tacit knowledge leads to high performance, resource-based scholars propose that such differential/superior performance may be sustained for some time. In this fashion, Cabrera-Suarez, De Saa-Perez, Garcia-Almeida (2001) argue that family firms have distinct capabilities which can bring competitive advantage based on the "tacitness" embedded in their resources.

In this light, other work directed at identifying the nature or antecedents of competitive advantages arising from the "familiness" of a firm have highlighted similar examples including enhanced consumer trust in the family firm, increased employee dedication and commitment, long term decision-making horizons, patient capital, parsimony in "scarce environments" and the list can continue perhaps indefinitely given the variety of resources held (Sirmon and Hitt, 2003; Carney, 2005).

The Question at Hand

Following this line of work and assuming these manifestations of competitive advantages are legitimate constructs, there is cause to speculate on the nature of additional manifestations derived from and or similarly supported by the concept of familiness in the context of the resource-based view of the firm. Moreover, as mentioned, given the intangible nature of these resources there is theoretically no limitation in regard to the type of advantage which can be supported or developed. Within this view, it is legitimate to question the role of familiness in execution of a market orientation, a recognized source of competitive advantage, within the resource based view of the firm. This examination occurs through a qualitative, case-based approach with the core question being: do the intangible qualities arising from "familiness" effect the ability of family firms to deploy a market orientation?

In what follows is a review of market orientation theory. We then describe interviews conducted with family members and managers at eight firms exploring the relationship suggested in the research question. We conclude with a proposition based on interviews and a discussion of the implications of our study and areas for future work.

Market Orientation

As the academic field of marketing developed in the first half of the 20th century, the marketing concept became a unifying description of a preferred company culture (Webster 2002). The marketing concept suggests that marketing is a general management responsibility, not just a responsibility of the marketing department, and consequently, meeting customer needs profitably should be an overriding priority for the entire organization (Webster 1988). Organizations which have embraced the concept seek to understand consumers and in turn develop products and services which meet their needs and wants better than competitors. The evolution and development of the marketing concept eventually caused researchers to begin investigating what is today known as a market orientation

Initial efforts by Kohli and Jaworski (1990) and Narver and Slater (1990) began a concentrated effort in the marketing field to better measure and understand the market orientation phenomenon. Much of these and other early efforts concentrated on determining the impact of a market orientation on various measures of firm performance. As the understanding of market orientation has increased, researchers have attempted to better discern the complex relationships among market orientation, firm performance, and a range of other constructs such as innovation (Han et al. 1998), entrepreneurship (Matsuno et al. 2002, Hurley and Hult 1998), and the learning organization (Slater and Narver 1995, Hurley and Hult 1998). While the familiness construct implies heterogeneity among firms in terms of resources and extent to which they are held given their intangible nature, it is not unreasonable given the complex nature of these relationships to foresee an impact of the construct in execution of a market orientation.

Beyond being driven by executive decisions, market orientation is largely the result of company culture (Narver and Slater 1990; Slater and Narver 1998, 1999, Kohli and Jaworski, 1993, Hurley and Hult 1998). The elements in the set of shared values and norms among employees pertaining to the culture-based dimension of market orientation include a focus on customers through understanding their interests and needs, providing value to customers (financial and other), and consistently striving for high levels of customer satisfaction; a focus on competitors that includes continually evaluating the competitive landscape for developing and presenting competitive threats and opportunities and routinely discussing competitor strengths and weaknesses; and inter-functional coordination which integrates and directs all members of the firm in addressing the aforementioned while meeting customer needs better than competitors. Employees share a culture where providing superior value to customers is recognized as the key for maximizing long-term profit (Narver and Slater 1990) and sustainable competitive advantage (Kumar et al. 1998).

A market oriented company has dual vision in that it simultaneously maintains a focus on customers and the competition. Continuous monitoring of the competition allows firms to shift their operations to meet inroads from the competition. Internal discussions of competitor strengths and weaknesses allow the firm to counteract competitor strengths while simultaneously exploiting weaknesses. Given these elements, a team atmosphere resulting from a high level of familiness in the firm may allow all members of the organization to pull in the same direction, actively implementing well-understood, chosen strategies that represent the organization's collective intuition. This shared strategic culture and integrated effort enhances the agility of the firm to beat the competition and meet customer needs.

There is an increasing body of work which supports the concept that market orientation, as a culture-based phenomenon, may afford an explanation for strategy and the strategy-performance relationship (Dobni and Luffman 2000). As theory and research suggests, the marketing concept is bound to an organization's culture and market orientation is an outgrowth of the marketing concept. Following this logic, market orientation, being an aspect of culture, may in fact be more rooted within the organization's core than strategy given that culture may be shaped and affected but not selected in the same manner or ease that strategies are selected, implemented, or altered (Hunt and Morgan 1995). In essence, market orientation may be described as a link between an organization's culture and business strategy (Hunt and Lambe 2000) As it suggests, market oriented firms recognize the significance and value of utilizing customer and competitor knowledge in the development of business strategy (Hunt and Morgan 1995, Hunt and Lambe 2000). Moreover, market orientation attunes organizations to the competitive environment providing opportunities for strategic responses to environmental changes (Kumar et al. 1998). The market orientation culture fosters behavioral characteristics that lead to behaviors that influence the establishment of the organization's strategic orientation (Dobni and Luffman 2000).

Ultimately, through active interaction with customers, as well as formal and informal market research, companies develop an in-depth understanding of both manifest and latent needs of their customer bases. With this level of knowledge of the customer comes a natural tendency to shift products and processes to meet the evolving needs of the customer base. Moreover, the primary driver of a market oriented firm is a desire to create superior value for customers while developing a sustainable competitive advantage which coincides well with the aforementioned qualities surrounding family firms.

Additionally, beyond company culture at its base, requisites to maintaining and effecting a market orientation mirrors "familiness" qualities identified in previous research particularly in regards to the many resources available for creating consumer value and additional benefits beyond reductions in buyer acquisition and use costs (Aaker 88, Hall 80, Porter, 85). Specific demonstrated family firm capabilities or “resources” germane to a market orientation may include inspired and motivated workforce (Ward, 1988; Moscetello, 1990), lower transaction costs (Aronoff and Ward, 1995), enhanced trustworthiness and customer relationships (Ward and Aranoff, 1991), flexibility in decision making capability (Hall, 1988; Poza, Alfred, and Maheshwari, 1997), increased creativity and attention to new developments (Pervin, 1997; Ward 1997) stakeholder efficiencies (Aronoff and Ward, 1995), and responsiveness to market or industry changes (Dreux, 1990).

A Case Based Approach

In an attempt to address the research question and discuss the role of familiness in supporting a firm’s market orientation and thereby competitiveness, qualitative, case-based data was collected for analysis. For the purposes of the study, eight different family-owned businesses ranging in size from 20 to over 800 employees were selected from both the food and forest products industries (with equal representation from each) for interviews (see Table 1).

Each of the organizations sampled are headquartered within the Pacific Northwest (Oregon and Washington State) of the United States. The food and forest industries were selected for inclusion in the data collection due to the

Table 1. Business Summary of Family Firms Interviewed

Industry	Current Generation	Business Summary
Forestry	3rd	Forest owner and producer of standard and high grade structural lumber. Strong reliance on intermediaries for distribution with selective strategic relationships to value-added producers and end distributors.
Forestry	3rd	Forest owner and producer of standard and custom plywood. Moderate reliance on intermediaries for distribution paired with strategic relationships to value added producers and end customers.
Forestry	4th	Forest owner and producer of standard lumber, value-added, and custom wood products. Balanced reliance on intermediaries, valued-added producers, and end distributors.
Forestry	2nd	Forest owner and producer of large standard and custom blemish free timbers. Principally customer direct with minimal use of intermediaries.
Food	1st	Mixed seasonings producer. Supplier to national seasoning firms and producer of custom products. Reliant on supply relationships and with heavy reliance on end distributors for custom products.
Food	3rd	Horizontally integrated dairy and agricultural products producer. Rely on multiple retail sites for distribution of internally produced goods.
Food	1st	Grower and producer of specialty packaged frozen produce. Primarily reliant on end distributors with moderate use of intermediaries and value-added producers.
Food	2nd	Grower and producer of frozen and preserved produce. Maintain infrastructure for processing outside producer products as well. Balanced reliance on cooperative, value-added producers, and end distributors.

tremendous consolidation that has occurred in both sectors over the past few decades. In this time, many family-owned businesses have either been purchased by larger competitors or declared bankruptcy due to a combination of trade and negative economic externalities which include but are not limited to: shifting resource availability, rising supply costs, and an inability to contend with increasing local and global competition. Based on these and other considerations, surviving firms from which the sample was drawn, have shown strong financial performance and success as evidenced by an ability to grow and prosper in the face of direct competition from larger, better-placed competitors, while creating and sustaining competitive advantages. Moreover, the firms sampled, have to varying degrees demonstrated business practices which suggest a strong market orientation and understanding of unique and distinct markets which has spawned among other benefits: novel and perspicuous business models, products, processes and strong customer orientations which have allowed an avoidance of the commodity/production and sales oriented climates that tend to define both respective industries. While limited in sample size and effectively non comparative, firms contacted and data collected provide insight to the question at hand.

Methods

Efforts were made to meet with family business owners and managers of each of the eight firms. These meetings were conducted over the course of several months, four in the forest products industry and four in food products (see Table 2). At each of the eight companies an attempt was made to individually interview multiple members of the top management team. This goal was accomplished with all but one firm; in that case only one person was interviewed based on the preference of the CEO. In total 21 individual interviews were held as depicted in table one.

Table 2. Summary of Interview Arrangements

Number of People Interviewed

Industry	Family Members	Non-Family	Researchers Present
Food Product	2	2	3
Food Product	3	0	2
Food Product	3	0	2
Food Product	1	1	1
Forest Product	2	1	3
Forest Product	2	1	2
Forest Product	1	1	2
Forest Product	1	0	3
Total Interviews:	15	6	

Each interview began with general open-ended questions asking about the history, successes and concerns of the business and the interviewee's perspective on the history of the industry and competitive environment. Additional questions were employed to illuminate firm resources or familiness qualities within the resource based view. As these resources are intangible and inherent to the firm there is concern that they may be overlooked and unrecognized as such these questions were minimally scripted allowing the interviewee opportunity to speak widely regarding unique, perceived, and real (quantifiable via traditional benchmarks) resources of the firm, specific strategic choices and the means by which they were decided upon and developed, the view of customer service and customer relations, and finally the role of family members in the business and their interactions with one another. Each interview was tape recorded and transcribed for post-interview analysis.

Following transcription, two members of the research team independently reviewed transcripts of each interview. Both of the researcher's reviews employed two a priori codes. The first code being comments suggesting familiness qualities within the resource based view and the second being comments referencing or suggesting aspects of a market orientation (i.e. customer focus, market intelligence, etc.). For the coding and comparison process Nvivo software was employed. In regards to inter-coder reliability, initial agreement between researchers was high, greater than 75%. Given that both codes are inherently broad and open to debate in terms of definition and qualification, the level of initial agreement is encouraging. Following the initial comparison, researchers addressed discrepancies, including and excluding specific codings to arrive at full agreement. Subsequently, coded responses were placed in more discrete inductive categories according to their relationship with strategic management, customer orientation, competitive advantage, and operational benefits.

Results

In the course of interviews a number of common business themes including but not limited to human resource management, strategy, and customer approach became apparent across organizations. This is expected given the pre-existing similarities between firms (ownership, sector, and strategy). An additional similarity prefacing these themes was an indirect or direct acknowledgment of the influence, attention to, and interest in the family element of ownership. For each of the firms (with the exception of one), family culture was clearly a predominant factor influencing each of the aforementioned themes. While it is reasonable to believe that these themes and proceeding comments could originate from a non-family owned or managed firm with a similar orientation, the ever present, influential, and pervasive nature of family culture as a core factor in effecting these themes is a quality that differentiates the family owned firm.

Strategic Orientation and Family Relationship Resources

In terms of strategic orientation qualities, avoiding a commodity orientation and being either customer and or marketing driven were mostly commonly voiced by interviewees (see Table 3). Based on organizations interviewed, these qualities either existed at the outset of the family owned venture and continued on or have developed as the organization has grown and continued to compete over time. A principle factor which differentiates these organizations from their peers is the manner in which they compete, in industries typically characterized by commodity orientations, each of the firms interviewed has managed to continue operations and experience success due in

Table 3. Interview Comments suggesting Strategic Orientation and Family Relation Qualities[a]

Familiness Qualities[a]	Comment Frequency	
	Food Product Firms	**Forest Product Firms**
Strategic Orientation		
Avoid Commodity Orientation	12	24
Customer/Marketing Driven	12	9
Disintermediation	7	3
Market Leader	4	5
Quality Focus	3	4
Family Relation		
Engaging Stakeholder Environment	3	7
Internal Intelligence/Experience	4	2
Communication Flow	4	3
Firm Flexibility	2	4

[a]Qualities developed through review of coded comments, values relate to number of comments made by owners and management associated with interviewed organizations that directly suggest qualities.

part to their strategic orientation and avoiding a commodity focus. The following are several examples of comments regarding avoiding a commodity orientation:

> *"what we have tried to do is find the customers that want one of two things: that are looking for the highest quality or an environmental enhancement to the product not just what they see in front of them… We are absolutely not a commodity producer we strive to avoid that wherever we possibly can and it's not an easy thing… "* – Food Products Company

> *"it's amazing that there is a mentality, inability to see beyond that push strategy, to push a product out the door as cheap as we can do, how do we differentiate that. So you are taking a*

> *commodity based product which is just wonderful and differentiating it based upon what the seller and buyer want…"* – Food Products Company

> *"We are very much a niche player… our role in the industry is to fill the smaller niches to provide that extra level of customer service to be able to be more flexible and working with our customer…"* – Forest Products Company

> *"if we're going to sell any kind of specialty product your approach needs to be significantly different than it is to produce commodity products…*" – Forest Products Company

> *"We go for the best markets we can find… we're not particularly interested in dealing with the commodity producer or the individual that is always looking for the cheapest product because we don't produce the cheapest product we produce a product that is a quality product and as such it should demand a premium…"* – Forest Products Company

A focus on remaining customer/marketing driven falls within the strategic position each of these firms has actively pursued and is a continual goal. Comments regarding being customer/marketing driven include:

> *"We are 100% customer driven. We don't produce anything until we have it sold…"* – Food Products Company

> *"We listen to what the customer is saying, we try to deliver what they want. We also try to listen and be ahead of them and deliver what we think they are going to need . We try to stand in our customer's shoes, we will go to a customer's facility and ask them... how can we make it better, we try to talk to not just the purchasing agent but the person on the plant floor..."* – Food Products Company

> *"Ask people what they want, and then produce it…"* – Food Products Company

> *"really critical to run a customer driven organization to where your customers are driving the organization, where you are*

> *externally driven, not internally driven and so, visiting those customers every year, going to trade shows… we're not developing products just because we think its a good ideas we're developing products and growing these things, developing new lines and investing because our customers want it…"* – Food Products Company
>
> *"We always aim toward market first. Everything we have done has been a market driven activity opposed to a manufacturing driven activity…"* – Forest Products Company
>
> *"In general our business has always been oriented around specialty products, primarily specialty products… we would look at the market and specifically go out and talk to our customers and ask what they are specifically looking for…"* – Forest Products Company

Other strategic qualities routinely discussed throughout the process by interviewees in both the food and forest products industries included comments or examples suggesting, disintermediation efforts, maintaining a quality focus, being a market leader, being innovative, and maintaining an aggressive market and customer focus. Disintermediation or efforts at vertical or horizontal integration have allowed many of the examined firms to add value and further meet customer needs; this has proven to be a critical necessity for several of these firms and provided unique opportunities for serving and receiving the greatest value from niche and specialty markets. Along the same lines, being customer/marketing driven, maintaining a quality focus throughout the organization in all aspects of the operation (materials, production, service, and management) is an ongoing concern of several of the firms interviewed. Market leadership in terms of new products, customer service options, exposure and other interests along with investing in innovativeness, and a take all attitude in regards to niche and specialty customer markets are concerns of the firms interviewed as well.

In regard to comments directly describing family interaction/relationship qualities, it is not surprising that these were less “apparent” (see Table 3) due to the pervasive and all encompassing nature of the quality found in these firms. It is expected that family interaction (as a quality) like blinking or breathing, has become so ingrained in respondents it is no longer recognized as being novel or distinct and consequently difficult to speak to or describe in specific forms. Towards this end, the forest product interviews elicited a different focus regarding the family relationship quality. Comments were generally made about developing an engaging stakeholder environment, which was attributed to active family ownership, limited size, and flat structure that promotes, open communication and a positive collective approach, engaging and committing stakeholders (owner/managers, employees, and customers) while increasing individual responsibility, and lowering organizational barriers. This focus was described as resulting from a desire to maintain a “family” atmosphere at the work place not only for ownership, but for all members of the firm. Several examples of an engaging stakeholder environment include:

> *"this whole concept of making people individually responsible for what's happening out here and really developing a pride of ownership in really what's going on and knowing that they are impacting this every day is an element that allows us to have a degree of success…"* – Forest Products Company

> *"it's always been a goal of the family to not be driven by a management heavy organization… to have a family atmosphere… to have people talk to each other and work together and communicate… we focus on a lot of training so that people don't have to be managed… particularly with our emphasis on value added specialty is built a lot of ownership and a lot of pride…"* – Forest Products Company

Internal Intelligence/Experience or unique business understanding and acumen accumulated by lifelong exposure to and experience within and around an organization found in second and later generations of principals is not overly uncommon and an important element in execution of a market orientation, several examples include:

> *"Titles and stature within the organization and the family, we treat each other as equals. That might come from when we were kids, none of us were really able to whup the other one…"* -- Food Products Company

> *"really there's two things, that's the way we do things in the formal sense, but then what really happens behind the scenes, I get home… after some strategy sessions and call my Mom and say what do you think about this. I talk to my grandmother, or my other grandmother or my mother and the aunts that aren't directly involved because the benefit to that is that they are just as wired in and up to date and knowledgeable about this company and whats going on…"* – Food Products Company

> *"my Uncle and Father sit across from each other my Uncle's son is 20 years younger than I am and he's just gotten into the business and we're constantly discussing things all day long…*

> *theres 85 or 90 years of full-time experience in my Dad and my Uncle…"* – Forest Products Company

A third and fourth quality associated with the family structure includes communication flow and firm flexibility. Communication flow is described in interviews as ongoing dialogue without barriers throughout the organization, characterized by informality, flexibility, and mutual respect and promoting ongoing strategic planning allowing pursuit and fulfillment of aforementioned competitive advantages is included as an additional quality attributed to familiness and an interest by firms to maintain a "family atmosphere." Firm flexibility, the all around flexibility associated with the organization's management/ownership nature is credited by interviewees, with promoting a setting where problems and opportunities are readily recognized and dealt with efficiently throughout the organization allowing exploitation of unique business opportunities and rapid response in the way of customer solutions.

Customer Orientation and Operational Benefit Resources

A customer focused culture is a prerequisite for market oriented organizations. As discussed in previous statements, each of the firms interviewed either competes in a niche or specialty market or are continually engaged in avoiding the commodity orientation that embodies both industries. Moreover, ability to employ internal resources to maintain and fulfill and exceed customer needs is a principal element of the theory. Through the interview process all firms embodied to certain degrees a customer oriented focus while identifying operational advantages inherent to their company (see Table 4).

Table 4. Interview Comments Suggesting Customer Orientation and Operational Benefit Qualities[a]

	Comment Frequency	
Familiness Qualities[a]	**Food Product Product Firms**	**Forest Firms**
Customer Orientation		
Customer Communication (Feedback, Understanding)	14	9
Customization Capability (Flexibility, Adaptability)	7	11
Customer Service (Education, Responsiveness, Partnering)	5	7
Consistency (Customer Assurance)	5	1
Operational Benefits		
Premium	6	3
Small Size Advantage	4	5
Market Intelligence	6	2

[a]Qualities developed through review of coded comments, values relate to number of comments made by owners and management associated with interviewed organizations that directly suggest qualities.

In the course of interviews, the customer orientation characteristics most commonly mentioned by both groups (food and forest product organizations) included Customer communication, Customization capability, Customer service, and Consistency. The Customer communication characteristic refers to in-place mechanisms and practices directed at initiating, maintaining, and expanding dialogue with customers to assess and better understand product use, needs, expectations, and satisfaction both present and in the future. Several examples of comments regarding this quality come from both food product and forest product organizations:

> *"We introduce new products continually just as a result of exploring customers' needs… I routinely go on sales trips with our sales people just to explore the needs of the customers and that's one area that I think we have been told by our customers that's really unique…"* – Food Products Company

> *"We have a lot of customers who don't really know how much of a product they need but we tell them. Well this is how much you took last year and you only have this many pounds left in your account… so you better order "X" this year. They are basically trusting us to do that job for them…"* – Food Products Company

> *"I love the product that we make and I love to go out and meet with individual users of that product talk to them about the nature of that product, talk to them about what we could do to make that product better for them… two things happen, you develop a real repertoire with that person... and he also sees that there is someone additionally that is interested in coming out to talk to him…"* – Forest Products Company

> *"We have a pretty good knowledge of our key customers needs, we invite customers out here and visit their sites as well, every month we are somewhere…"* – Forest Products Company

The Customization capability characteristic describes the capability and willingness of a firm to customize products and orders, meet unique needs quickly, and adjust to changes in market shifts and requirements. This quality is an extremely desirable capacity in overall customer service and improves the likelihood of success for firms that have a focused market orientation. For the organizations interviewed, this quality was commonly identified as being an important element in the overall approach to customer service and value added services, improving customer service and in serving and maintaining premium niche markets. Several examples of this quality include:

> *"You can call and order timber specialty. You're going to pay a high premium for that, but we'll cut specified lengths and we'll load those for you…"* – Forest Products Company

> *"We try to focus on a lot of our retail accounts because we can put together these specialty packages that work well with them… special lengths, smaller units… it gets us closer to the end user…"* – Forest Products Company

> *"Our practice and our habit from a long time ago is never turn an order away… even though it might cost us 15% more to manufacture… we expect we're going to get a 40% more return… you have a huge net margin and you are going to develop a customer that knows that you can specifically respond to him…"* – Forest Products Company

Other customer orientation qualities that speak to the customer-focused culture and cohesive approach shared by each of the firms in the interview process and identified by codification include both, Customer service and Consistency. Customer service refers to dedication of resources and time to providing service requisite with premium prices and quality products, guiding customer product decisions, providing options, choices, and immediate response in terms of customer interests. According to firms interviewed, Consistency (and consistency) can be described as the ability to utilize size and internal expertise to provide assurance of consistent fulfillment of customer needs requisite to premium products and the capability of meeting unique needs or ability to speak directly to ownership/management to address concerns or requests.

While imperative to an effective market orientation, the qualities, Customer communication, Customization capability, Customer service, and Consistency are not inherently distinguishable between family and non-family firms following a market orientation. However, when considering that for the firms examined, family culture and environment is a primary driver underlying all actions it is reasonable to attribute the shared avid support and explicit maintenance of these qualities to the culture that surrounds the firm.
In this study, each of the organizations interviewed cited ether directly or indirectly the operational benefits resulting from being family owned and the functional qualities that stem from this manner of ownership and management. It is not unlikely that these distinct qualities and characteristics are a fundamental contributing factor in what has allowed these organizations to continue competing and in most cases experience continual growth and rising profits in spite of competing in what are otherwise commodity-oriented industries. The most commonly cited and perhaps most apparent benefit enjoyed by the organizations was the premium received by virtue of operating in a market oriented fashion, exercising strong strategy, and maintaining a strong customer focus. This premium refers to the higher prices products receive and the focus on developing and marketing additional product and

services that command price premiums. Several examples of this focus include:

> *"We target different markets… specialty, small fruit chains… high value sellers and get a more premium price and put a little extra in to do that…" -- Food Products C*
>
> *"now we make a specialty product that commands a very significant premium…" --- Forest Products D*
>
> *"we don't produce the cheapest product we produce a product that is a quality product and as such it should demand a premium…" – Forest Products B*

In addition to receiving premiums for products and services produced, each of the organizations cited other benefits as well including recognition and utilization of smaller size and market intelligence. Interviewees referenced the small size advantage as the ability to attract and retain customers or by virtue of quick decision capabilities, complete process and quality control, "family" type work environment and attributed benefits, as well as the ability to operate under the radar of larger competitors keeping niche markets intact. Market intelligence, is displayed by an understanding of market trends, opportunities and competition developing from multiple sources including and perhaps most importantly generational exposure, ongoing threat of larger better placed competitors, internal and external communication, and continual managerial exposure to multiple facets of business operations.

Market Orientation and "Familiness"

As noted previously, the market orientation theoretical framework is inherently complex involving identified critical pre-cursors in addition to ongoing diverse resources/capabilities important to execution and maintenance. Among the precursors it is believed that a market orientation is in part bound to and a product of an organization's culture rather than simply a management choice to have, or not to have a market oriented perspective. It is reasonable to expect that the close relations and frequent interactions among family members provides the cultural background conducive to implementing an effective market orientation. Beyond holding a key antecedent to establishment, there is reason to speculate on the ongoing advantages of familiness in executing a market orientation.

This leads to our research question which revolves around questioning the relative contribution of the familiness construct in execution of a market orientation. The research question arises given the supposition that familiness, within the resource based view of the firm is a construct suggesting multiple and intangible resources which, as mentioned previously, are demonstrated requisites to execution of an effective market orientation. As each of the firms interviewed are already engaged in a market orientation, addressing the research question becomes a function of identifying the presence of familiness resources/qualities and their role in execution of the strategy.

As the interview and subsequent qualitative analysis illustrated, each of the firms largely mirror one another with the exception of one in terms of both the frequency and nature in which familiness qualities are referenced and description of resulting effect and influence on execution of strategy and success. With regard to the one exception, a food industry firm, there were considerably fewer familiness oriented comments when compared to the other seven firms. Conversely, this same firm has experienced the least success (smallest growth in terms of revenue, employment growth, and overall competitiveness) relative to the others included in the study.

While there is no one demonstrated single source of competitive advantage propelling these firms, a shared view in terms of competitiveness is effective execution of a market orientation. Given the frequency of comments and recognition of the influence and value of familiness qualities/resources in executing this strategy, there is some support for suggesting a relationship between "familiness" and execution of a market orientation as posed in the research question. This supposition is predicated on results of the interviews conducted, particularly the nature and number of specific comments attributable to familiness regarding strategic interests, family relationship benefits, customer orientation focus, and competitive advantage qualities and the manner in which each firm recognizes, credits, or describes the development, presence, value and or influence of these familiness qualities (resources) in executing their business strategy (market orientation) (see figure 1). Furthermore, as past efforts note there is substantial empirical

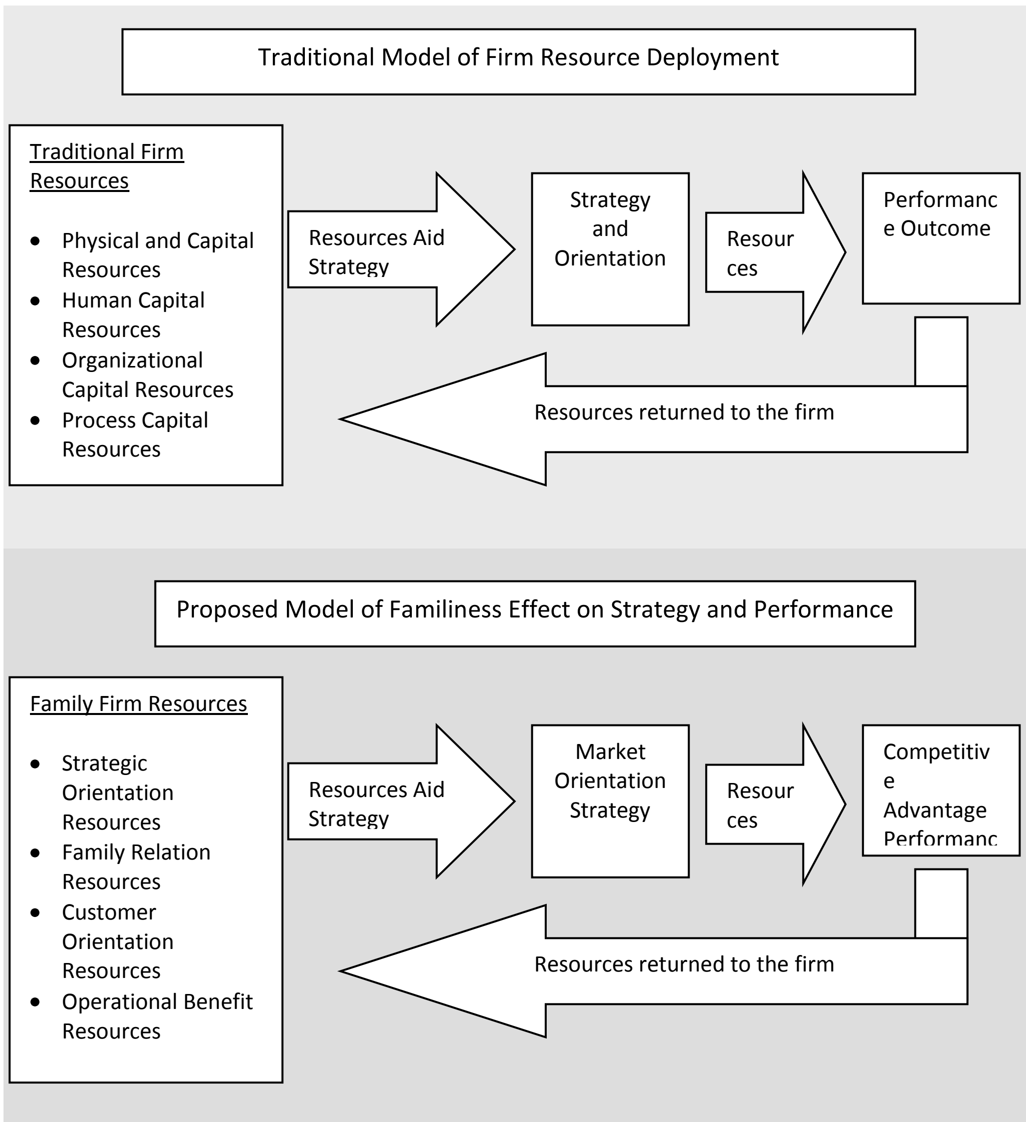

Figure 1. Proposed nature of familiness contribution to developing a market orientation**.**

work relating market orientation to firm success and given the antecedents and requirements of a successful market orientation as previously described and their consistency with the firm and familiness qualities identified here, there is reason to speculate on a positive relationship between familiness and effective execution of a market orientation and a .

proposition emerges:

1.) *Familiness qualities, collectively contribute to a propensity for execution of an effective market orientation.*

    a. *These resources and the qualities embedded within include but are not necessarily limited to: strategic focus, customer orientation, family relationships, and operational efficiency.*

Conclusion

As a result of our interviews with 21 managers at eight family-owned and managed businesses we believe familiness does play a positive and significant role in the overall long-term financial success of family businesses as noted in the first proposition. This finding and initial proposition is not unique, following similar results of previous authors and works as noted previously. More interestingly, we found support for the idea that familiness by virtue of multiple inherent distinct qualities and resources is positively associated with creation of an environment that promotes a market oriented culture; a culture that has been shown to be positively related to firm performance (Narver and Slater 1990, Kumar et al. 1998). Moreover, through the interview and codification process we can see distinct qualities requisite to a successful market orientation which are understood, embraced, and enhanced through family ownership and embodied in familiness.

Because of the small non-comparative sample and case-based nature of the data collection, our propositions are cautiously offered. It is with this caveat that we suggest that beyond being positively related to firm success "familiness" can facilitate firms in becoming more market oriented improving the overall effectiveness of the firm.

Building on the research started here, several areas for further study are apparent. The first is to design a broader program of research to more rigorously test the concepts presented. The study would likely involve additional interviews with firms outside of the two industries already investigated as well firms that do not qualify as "family businesses" as defined by Litz (1995) in combination with quantitative data collection to more quantitatively measure the constructs of familiness, market orientation and firm performance. Finally we suggest exploring the upper bound to positive relationship between familiness and firm performance. It has been shown that in certain settings high levels of shared experience between members of a group results in the ossification of knowledge and declines in performance

(Bierman, Down and Hill, 2002). A similar result of negative performance returns might be found for very high degrees of "familiness."

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Building a Competitive Advantage for Passively Consumed Goods: Assessing additional differentiation dimensions on consumer purchase decisions

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To be submitted.

Intro

By necessity firms in competition with one another develop strategies that utilize core competencies, resources, and other capabilities held by the firm in such a way as to facilitate fulfillment of firm objectives and compete effectively. The ability of a firm to excel or stagnate becomes a matter of whether it has positioned and structured itself in such a way as to develop or maintain access to unique resources and capabilities that can be strategically leveraged into competitive advantage (Slater and Narver, 1994; Grant, 1996). Within this universal construct of competition and resource accumulation the family firm is not unique and to remain competitive must likewise develop strategies and employ resources that will lead to competitive advantages and success in the marketplace. However, due to the unique manner in which the family and business are entwined, family firms are frequently viewed as being unique when compared to non-family firms with respect to development of competitive advantages and deployment of strategy (Mitchell et al., 2003).

In this regard several models of how family firms develop and maintain competitive advantages have been advanced with research often focusing around the resource-based view of the firm. The resource based view asserts that the foundation for formation of competitive advantages begins with the unique bundle of resources available to the firm which can be transformed into inimitable and non-substitutable competitive advantages that support return of increased resources over the long term (Barney and Clark, 2007; Barney, 1991; Wernerfelt 1984). Toward this end, Habbershon and Williams (1999), use the term “familiness” to describe the “complex, dynamic, and rich in intangible resources” family firms hold relative to their non-family owned counterparts. Given that strategic and competitive advantages are derived, developed, and exploited through any number or combination of competencies, capabilities and intangible resources, family firms are well positioned for creation and maintenance of strategic unique competitive advantages within the principles of the resource based view of the firm (Barney, 1991; Hitt et al., 2001; Carney 2005; Habbershon et al., 2003; Sirmon and Hitt, 2003).

Within the familiness perspective of the resource based view, previous authors have identified and noted different mechanisms through which intangible resources translate into competitive advantages. Socially complex tacit knowledge is an example of a “familiness” derived advantage that is formed by knowledge that is diffused throughout a family firm and while not necessarily unique to the family firm, it is a resource prevalent among them (Barney, 1991; Reed and DeFillippi, 1990). Similar “familiness” driven advantages have been identified in other research and include but are not limited to; improved actualization of a market orientation, increased employee dedication and commitment, long term decision-making horizons, patient capital, and parsimony in “scarce environments,” (Kogut and Zander ,1993; Teece, 1982;

Teece and Pisano, 1998; Berman et al., 2002; Tokarczyk et al., 2007; Sirmon and Hitt, 2003; Carney, 2005). Theoretically, this list could continue indefinitely and while significant work has been devoted to identifying internally derived sources of competitive advantage that form at the interface between familiness and business activity, there has been relatively limited work that considers advantages that may form as a function of the interface between the family business and external forces such as customers and partners.

Craig et al., (2008) address this knowledge gap by evaluating the effect of family based brand identity within the resource based view on actualization of a customer orientation while recognizing that “family identity can be regarded as a rare, valuable, imperfectly imitable, non-substitutable resource.” A resource that can translate into competitive advantages (Zahra et al., 2002). Findings from this work support the premise that adopting and marketing a family brand identity can translate into competitive advantages with respect to strategic execution and actualizing a customer orientation, however; it raises the question of other avenues in which firm image and consumer evaluation of a firm as being family owned can translate to performance advantages.

In light of the findings of Craig et al., (2008) there is interest in exploring whether providing an additional differentiation dimension, communication of a family image, in addition to basic product information (e.g. price) would prove influential in directing purchase intent. This question becomes particularly compelling in environments where differentiation beyond price is challenging and consumption is predominantly passive (Craig et al., 2008). Given that consumers tend to view family firms with trust, respect, and an overall positive reputation, it is not unreasonable to expect that communication of a family image can positively influence consumers thereby representing a potential source of competitive advantage within the resource based view (Schwepker and Corwell, 1991; Ottman, 1993; Bhat, 1996; Nimon and Beghin, 1999). Acknowledging the potential benefits of further analysis, this research seeks to evaluate whether communication of family firm image is positively associated with consumer purchase intent within passive markets with limited differentiation.

One market with a history of family firm participation, but defined by differentiation challenges and passive consumption is the wood-based primary building products industry. Primary refers to more basic materials such as lumber or plywood rather than secondary or value-added products such as flooring or cabinetry which by comparison are less passive and more active. While competition within the industry has historically been defined by price, eco-labeling has been used of late as an additional differentiation dimension to guide behavior by communicating the ecological soundness of production practices for consumers seeking assurances that materials meet certain environmental standards

(Fischer et al., 2005). However, the ability of eco-labels to influence behavior appears to be largely dependent on the nature in which the good or service is consumed. More specifically, eco-labels tend to have a positive bearing on behavior where consumption of the product or service is active and readily connected to personal consumption or public display, but where consumption is passive; the ability of a label to influence behavior is less profound (Loureiro et al., 2002; Forsyth et al., 1999). This observation is seen in the wood-based, building products industry where price continues to be a primary driver of behavior, and consumers have been hesitant to demonstrate a significant propensity, let alone willingness to pay a premium, for eco-labeled products (Vlosky, 2011; Anderson and Hansen, 2004; Groonros and Bowyer, 1999).

To assess the effect of communication of a family firm image on consumer preferences, an intercept survey is used along with conjoint analysis to assess preferences for products associated with family firms. Wood-based, building products are considered in this study because they constitute a substantial and dynamic market, where consumption is characteristically passive, has employed some form of eco-labeling, and family firm involvement is common.

Theoretical Background

Family Business and Image

Throughout the world, family firms constitute an integral and valuable element of the business landscape. In the United States alone it has been estimated that family businesses account for up to 49 percent of the gross domestic product and 78 percent of new job creation (Astrachan and Shanker, 2003). While, there is little question among researchers regarding the value and import of family firms, there is debate as to what specifically constitutes a family firm.

Toward this end, researchers have considered definitions of the family firm that focus on operational components such as ownership, management, and succession however; these efforts have lacked consensus and questions remain. Specific questions arise with respect to issues such as what percent of family ownership is required to constitute a family firm, is ownership more relevant than control, does succession require expected profitability or is possibility of continued profitability sufficient (Chrisman et al., 2003). Westhead and Cowling (1998) address these questions in defining family firms by whether they consider themselves as being a family firm. Chrisman et al. (2003) raise challenges posed by this definition noting that the definition does not address the theoretical questions of what constitutes a family firm and that the definition may exclude "firms with characteristic behaviors that are fundamentally identical to those of firms included in the population if the former, somehow, do not consider themselves family firms." A preferred alternative is offered by Chua et al. (1999) that speaks to both the operational and theoretical elements, "a business governed and/or managed with the intention to shape and pursue the vision of the business held by a dominant coalition controlled by members of the same family or a small number of families in a manner that is potentially sustainable across generations of the family or families."

Sustainability of the firm is generated through any variety of strategy and leveraging of competitive advantages such as those previously identified within the RBV of the firm. Among these competitive advantages, organizational reputation, while not family firm specific, may serve to generate premiums, maintain and attract customers, sustain market share in poor economies, and improve availability and access to capital markets (Fombrun, 1996; Milgrom and Roberts, 1986; Beatty and Ritter, 1986). Extension of the image to a corporate brand allows the firm to develop a cognitive image and create a connection between firm's identity and the product or service provided (Einwiller and Will, 2002; Van Riel, 2002).

Considering that family firms are generally viewed by consumers as being trustworthy, customer focused, and quality driven (Taguiri and Davis, 1996; Ward and Arnonoff ,1995; Cooper et al., 2005; Sundaramurthy and Kreiner, 2008) it is not unreasonable to expect that a family oriented and driven brand identity can be leveraged as a competitive advantage that is rare, valuable and imperfectly imitable, (Carney, 2005; Habbershon et al., 2003; Sirmon and Hitt, 2003). While it is expected that these advantages would be observed in markets defined by active consumption there is question as to whether conveying a family image or brand would bring competitive advantages in passive markets such as the wood-based building product industry, specifically primary products (e.g. lumber) where differentiation has been largely limited to price and eco-labels.

Eco-labels and Passive Consumption

Eco-labels have become increasingly common since Germany's pioneering *Blue Angel* eco-label appeared in 1977. By 1992 eco-labeling was endorsed by the 156 countries agreeing to *Agenda 21* at the Earth Summit in Rio de Janiero with the express intent of promoting consumer awareness, creating markets for green goods, and providing consumers with the ability to make informed purchase decisions. Since this time the use of eco-labels has grown significantly and is a fixture across many industries. This appeal is due in large part to their market driven approach to achieve specific and general goals, ecological, sociological and otherwise (Basu et al., 2003) and like other label guided consumption, eco-labels provide missing market information about product and production attributes and can be used as a mechanism for revealing consumer valuation of these attributes (Erickson and Kramer-Leblanc, 1997).

The wood-based, building product industry has used product labeling to reflect compliance with social and environmental standards since the early 1990's with the concept of forest certification and "eco-labels". Initially driven by environmental nongovernmental organizations such as Sierra Club and Green Peace as well as mounting public concern, forest certification developed as a means to reduce tropical forest degradation and has since spread throughout the world (Rametsteiner and Simula, 2003; Ozinga, 2001).

Previous research of consumer demand for wood-based building products has indicated a significant proportion of consumers state a preference for eco-labeled products and a willingnesss to pay a premium for said products (Forsyth et al., 1999; Groonros and Bowyer, 1999; Ozanne and Vlosky, 1997). These observations and speculations were supported by market research in other industries (such as food, clothing, etc.) where it has been demonstrated that labeling can affect consumer behavior (Loureiro et al., 2002, Ippolito and Mathios, 1990, Levy et al., 1997). However, these expectations have failed to materialize and consumers thus far have not demonstrated a significant willingness to pay premium for certified products with the exception of limited niche markets (Anderson and Hansen, 2004; Groonros and Bowyer,1999; Forsyth et al., 1999; Rametsteiner, 1999).

Today, eco-labeling within the building product industry has generally become looked upon as a “cost of doing business” for producers seeking access to certain markets where certification is required. Among the speculations as to why certified and eco-labeled products have failed to capture competitive benefits in certain markets such as the domestic wood-based building products industry is a consumer disconnect between the products and public display, health, and safety. This disconnect could alternatively be described as passive consumption (Loureiro et al., 2002; Crespi and Marette, 2002; Babin and Darden, 1995; Crowley et al., 1992; Mano and Oliver, 1993; Sinclair and Seward, 1988; Forsyth et al., 1999; Assael, 1984; Engel and Blackwell, 1982; Kassarjian, 1978 and 1981).

Depending on how one interacts with a product or service defines the consumer experience and ultimately the “impression” consumers hold with respect to sensory information and product communication (Carbone and Haeckel, 1994). Moreover, consumers whose consumption experiences are defined by a direct or active interaction with a product or service in a physical, emotional, intellectual, or spiritual manner are more inclined to give greater consideration and receptivity for communicative elements embedded within or surrounding the product or service in question (Pine and Gilmore, 1998). According to Holbrook (1994) active consumption relates to the manner or context in which product usage occurs and suggests a greater likelihood for a collaboration or relationship between consumer and service provider or product marketer in terms of a cognitive and emotional investment as a function of the consumer’s experience and usage of the product or service (Mathwick et al., 2001; Flemming and Christensen, 2007). Consequently, in active consumption scenarios the product message and communication may have considerable bearing on the consumer attitude and intention with regard to purchase intent and if nothing else provides a distinct avenue for product differentiation. Comparatively, products and services which by contrast are utilitarian in manner and or distanced from direct physical, emotional, or spiritual benefits are by nature passively consumed and by extension do not afford the same collaborative opportunities associated with more active purchase scenarios. By consequence the opportunities and avenues of establishing a consumer relationship for marketing purposes are significantly challenged (Louriero et al., 2005; Louriero et al., 2002; Forsyth et al., 1999; Babin and Darden, 1995; Crowley et al., 1992; Mano and Oliver, 1993).

Consumer Behavior

Working from Ajzen's Theory of Planned Behavior (1991 and 1985) the observed behavioral differences inherent between active and passive consumption can be explained according to individual behavioral beliefs and attitudes, norms, and perceived behavioral control (see Figure 1.).

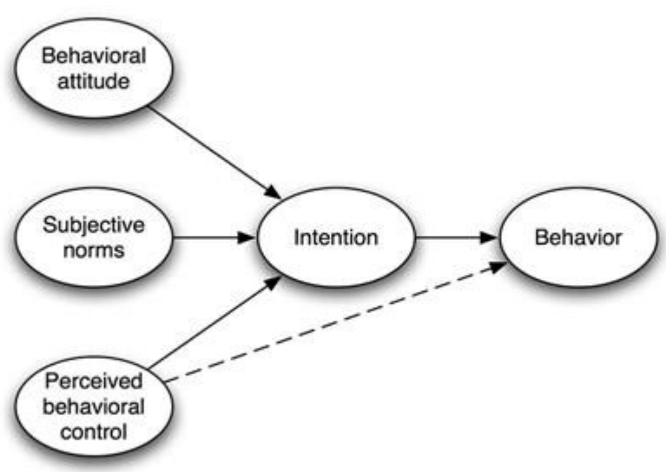

Figure 1. Theory of Planned Behavior (Ajzen, 1985)

According to the model, behavior (purchase decision) is a direct function of an individual's intention to execute the behavior. Intention is by turn a function of multiple factors which vary according to the individual and behavior being considered. Intention in this sense is the relative cognitive representation of an individual's preparedness to actually perform a specific behavior and is considered in the model to be the immediate precedent of behavior. In turn, intention strength or lack thereof is wholly determined by three factors: 1) the individual's attitude toward the specific behavior, 2) the individual's subjective norms, and 3) the individual's perceived behavioral control or ability to affect the desired outcome. In the case of behavioral decisions to purchase one good over another and where performance is expected to be equal, attitude and subjective norms will exert greater influence over intention and resulting behavior. In addition to considering these antecedents to intention, each factor is influenced by antecedents as well, attitudes by behavioral beliefs, subjective norms by normative beliefs and perceived behavioral control by control beliefs. Collectively, each factor and antecedent can support or detract from behavioral intention and observed behavior itself. (Kalafatis et al., 1999; Madden et al., 1992; Conner and Amitage, 2006; Chang, 1998, Ajzen, 1991; Ajzen and Fishbein, 1980; Fishbein and Ajzen, 1975)

Applying Ajzen's model to passively consumed goods, there is less opportunity for normative or subjective norms to reinforce or alter an individual's behavioral beliefs or attitude where few differentiating attributes outside of price exist. Absent pre-existing strong behavioral beliefs, consumer intent is relatively unaltered and behavior reflects more immediate or physical product attributes (e.g. cost, access) (Anderson and Hansen, 2004). By contrast, where choice involves an actively consumed good, attitude and intent can be actively reinforced through a variety of forces. For example, the direct connection between consumption and personal health of an apple labeled as "organic" is sufficiently high that behavioral beliefs and attitude raise intent and drive behavior regardless of norms. Alternately, goods that are visibly consumed may involve a set of behavioral beliefs and attitudes that are less strong, but due to the public nature of the consumption, normative beliefs and subjective norms may compensate and bolster intent, positively affecting purchase behavior (Ajzen, 1985 and 1991).

Subsequently, the challenge of positively influencing consumer behavior with respect to passively consumed goods becomes a question of identifying and positioning product attributes to those with strongly held behavioral beliefs and attitudes with an expectation that provision of additional attributes or information dimensions will reinforce attitudes and intent. By providing additional information on dimensions such as origin of manufacture (e.g. family business) that resonates with the consumer, there is an increasing likelihood that those information attributes will resonate with behavioral beliefs, norms, and or perceived behavioral control in such a way as to increase attitude, intent, and behavior. However, while purchase behavior may be influenced by message appeal, the consumer's relative purchase scenario involvement may direct how the message is processed and subsequently moderate or bolster influence of an appeal.

Consumer Involvement and Appeal Processing

Consumer involvement poses an influence on purchase decisions as involvement informs how a message is processed which influences the degree to which attitudes, norms, and ultimately intent can be directed. The concept of consumer involvement has been advanced by consumer behavior researchers and relates to the perceived relevance of a purchase based on the inherent need, value and or interest in the purchase, ranging from high to low involvement according to the specific purchase scenario (Zaichkowsky, 1984). Involvement in turn informs and directs how a considered product message or appeal (price, brand, performance information) is processed by the consumer. The Elaboration Likelihood Model (ELM) builds on involvement suggesting that consumers cognitively process a product message centrally or peripherally depending on purchase-specific involvement. The path the message travels (cognitive or peripheral) holds considerable influence in determining the nature of consumer purchase (Dens and De Pelsmaker, 2010; Petty et al., 2005). High involvement purchase scenarios bring about central processing and imply the consumer is more attentive to and evaluative of message elements and performance arguments whereas lower involvement scenarios imply peripheral processing in which case emotions play a more salient role in directing behavior (Brown et al., 1998).

The cognitive resource matching (CRM) hypothesis suggests that a message will enhance consumer persuasion when a match is made between the processing path of the consumer and the nature of the message (Keller and Block, 1997; Coulter and Punj, 2004). If the product appeal requires more cognitive investment to process than involvement and peripheral processing suggests, a poor “match” has been made and imperfect message delivery occurs (Meyers-Levy and Malaviya, 1999). By contrast, more highly involved consumers embrace more expansive and detailed informational messages as they hold greater appeal to the central route of persuasion and necessitate a greater degree of cognitive investment (Dens et al., 2008; Coulter, 2005).

Within the constructs of CRM and ELM, Brown et al. (1998), suggest that high involvement consumers are less receptive to messages based on emotional appeals as these consumers are more inclined to process appeals centrally and employ more extensive cognitive elaboration. These suggestions are in parallel with the findings of Erevelles (1998) who finds that utilitarian appeals are more successful when involvement is high. By contrast, emotionally based messages and appeals are more likely to translate to product considerations in low involvement purchase where message processing occurs peripherally, (Petty et al., 1983; Lutz, 1985).

Overall, the theory of planned behavior would suggest that the relative ability to influence a consumer's purchase behavior through an emotional appeal is limited due to the passive nature of the purchase scenario. However, according to the ELM and CRM, low involvement purchase scenarios, which are characteristic of passive consumption, are perhaps more subject to influence when emotional appeals are employed and the desire for additional information is low. This creates a relative challenge as the theory of planned behavior would suggest that a low involvement scenario challenges establishment of an emotional appeal. By extension, this suggests that the burden in developing an adequate appeal in a passive low involvement purchase decision is to a degree dependent on identifying differentiating elements which sufficiently resonate strongly with pre-existing consumer held norms and beliefs to establish an appeal capable of overcoming the lack of consumer involvement and passive manner of consumption. This is accomplished through evaluation of consumer identified purchase intent of passively consumed goods of which product choices are differentiated by performance elements (price) and emotional elements (family firm origin and eco-labels).

Objectives and Methods

The primary objective of this research is to evaluate the relative capability of emotionally oriented product specific informational attributes to influence purchase intent despite the inherent challenges posed by the nature of the purchase scenario. This is accomplished through evaluation of consumer identified purchase intent of passively consumed goods of which product choices are differentiated by performance elements (price) and emotional elements (family firm origin and eco-labels). Specific objectives include:

1. Identification of the importance consumers place on emotionally oriented product information attributes in low involvement passive consumer purchase decisions.
2. Evaluate the relative utility attached to emotionally oriented information attributes.

This evaluation is made by assessing consumer preferences for wood-based building products that are differentiated by price, product origination, and eco-labeling using conjoint analysis. The relative contribution of informational element is determined via review of importance attached to each informational element and the relative contribution of specific information element attributes in determining overall importance Wood-based building products are considered as they are commonly identifiable, generally undifferentiated, passively consumed, and commonly produced by family firms, and have long employed forms of eco-labeling.

Sample and Data Collection

An on-site intercept questionnaire was conducted at the Oregon state fair in Salem Oregon in 2010. The questionnaire consisted of a single page (front and back) and asked respondents to rank their preferences for several different wood-based building product profiles each differentiated according to specific product attributes price, product manufacturer, and product eco-labeling.

Multiple data technicians were employed to distribute questionnaires. Respondents were restricted to 18 years of age or older and the intercept process utilized considered all fairgoers passing data technicians. A standardized script was used to introduce and describe the questionnaire. A total of 564 questionnaires were completed, of these 39 did not meet the assumptions required in conjoint analysis. The final total in the analysis was 525. Of the respondents, 44 percent were female, the median age category was 46 to 55 years, and the median personal income category was 50,000 to 74,999 dollars. Table 1 provides a summary of the respondent characteristics.

Table 1. Respondent Characteristics

Variable	**Frequency**
Gender	
Female	44
Male	56
Age	
18-25	7
26-35	15
36-45	18
46-55	22
56-65	21
65+	17
Education Completed	
Less than Highschool	2
Highschool	24
Associates or Trade School	29
College Degree	29
Advanced Degree	17
Income	
Less than $20,000	6
$20,000 - $34,999	10
$35,000 - $49,999	16
$50,000 - $74,999	26
$75,000 - $99,999	20
$100,000 - $149,999	16
$150,000 - $199,999	3
$200,000 or more	3

Research Design and Survey Instrument

A ratings based conjoint analysis was used to study preferences for different information dimensions (product attributes) price, product origin, and eco-label. For assessment, respondents were provided multiple variations (selection profiles) of the same lumber product choice, each variant having different attribute level compositions (price and labeling) and asked to rank each variation according to their preference. For context, respondents were instructed that they were considering different packages of wood materials for construction of an average sized new home.

To ensure that each respondent was familiar with what was being asked a statement of explanation was included on each questionnaire in addition to the standard script used by survey technicians. The statement read, "Imagine you are framing a 2,500 square foot single story house (using standard construction practices). In the scenario below you are faced with 9 alternatives. Each alternative is a different combination of the three lumber features listed below."

For evaluation of consumer response and valuation of the three differentiation dimensions, a full profile conjoint was employed to identify the relative importance of selected product attributes. Conjoint analysis is a well established method for evaluating consumer preferences and is structured on the concept that a consumer's overall utility can be broken into part-worth utilities that are provided by different attributes (Green and Srinivasan, 1990). The Part-worth utilities for the different product attributes are determined based on the choices made by consumers. By nature of research design, respondents are forced to make product decisions in a manner that resembles real-life consumer choices wherein trade offs are made among different products by virtue of the attributes associated with each choice.

The selection of attributes that distinguish product choices from one another is a critical component of the research design. For this research the selection of attributes was limited to the elements pertaining to the question of interest and do not violate the assumptions of full-profile conjoint design (Green and Srinivasan, 1990). In addition, limiting the number of attributes simplifies the respondent evaluation and more effectively mirrors the consumer experience. The following three attributes were selected for this research:

1. **Price**. Price reflects a fundamental measure of preference and three levels were provided based on the average price of lumber at the time of survey development. The prices were $13,500, $15,000, and $16,500 respectively.
2. **Product Origin**. Three levels were developed regarding product origin, with the first level being “Family” and described as originating from a family owned firm. The second being “Corporate” described as originating from a corporate firm. The third being “Other” described as being of unknown origin.
3. **Certification**. This attribute included three levels, the first being the international and widely used Forest Stewardship Council “FSC Eco-label” that has been and continues to be an international standard. The second

choice, “Other Eco-label” is described as displaying an eco-label that indicates the product is produced from a raw material that has been ecologically certified. The third level “None” is described having no information regarding the ecological nature of the product’s raw materials.

Analysis and Results

The combination of attributes and nine levels results in a possible twenty seven product profiles, but using the fractional orthogonal conjoint design module available from SPSS a total of 9 different specification profiles were identified and used in the survey. Conjoint results were analyzed for each respondent and it was assumed that evaluation of lumber profiles was an additive function of the selected three attributes and evaluations are interval in nature (Louviere, 1988). Additivity assumes that respondent utility for the whole profile is a sum of the utility placed on each attribute in the profile. Thirty nine questionnaires were not included in the analysis as responses to the conjoint analysis were not additive in nature and their pattern of ranking demonstrated a lack of preference for product attributes or interactions between two of the attributes were present. The selected cut off for this determination was made using the R^2 value and those less than .9 were considered non-additive (Louviere, 1988; Louviere et al., 2000). After removing non-additive responses, preferences for attribute levels are evaluated by determining the part-worth for each attribute level for each respondent. Part-worth values were then employed to determine the importance of each attribute for a standard respondent.

Attribute Importance

Utility estimates for each attribute are shown in Table 2 and indicate that *product origin identification* factored most prominently in respondent choices accounting for 36.3 percent of the overall utility of attributes. Respondents preferred packages that were identified as being family firm in origin compared to corporate brands and no producer identification which were negative utility estimates. The attribute price was the second most important attribute with an average importance of 32.5 percent**.** With respect to price, respondents preferred the least expensive package followed by middle and high prices respectively. The eco-labeling attribute was similar to price and contributed 31.2 percent to the overall utility. In total, results indicate that all three attributes are similar in terms of relative importance. The Kendall's tau (0.944) measures the correlation between the observed and predicted responses is statistically significant ($p < 0.001$) indicating an acceptable goodness of fit for the conjoint model (Table 2).

Table 2. Average utility estimates for attribute levels.

Factors	Utility Score	Average Importance[1]
Product Origin		36.3
Family	1.3435	
Corporate	-0.1667	
Other	-1.11768	
Price		32.5
$13,500	1.0274	
$15,000	0.042	
$16,500	-1.0693	
Certification		31.2
FSC Eco-label	0.9014	
Other Eco-label	0.3289	
None	-1.2303	
Constant	5.00	
Goodness of fit[2]		
Kendall tau	0.944	

[1]Average importance of factors = 100%
[2]Goodness-of-fit statistics significant at p= .0002 (Kendall's tau)

The utility scores describe how the levels of each attribute affects importance, the size and sign of a utility score indicates the influence of the attribute level in determining overall importance. For example, based on results in Table 2, products identified as originating from a family firm have a greater utility than products originating from a corporate firm. Moreover, identification of the product as originating from a corporate firm detracts from the overall utility of the product; however, corporate identification is much less of a detractor relative to an unknown "other" description. Accordingly one could interpret these results as suggesting that Family identification contributes the most utility relatively and product origin holds more importance in a consumer's decision than other considered factors such as price. While a low price does indicate a positive utility and is important to respondents it does not appear to be as important relative to product origin.

As utility values are a common unit (rank) they can be combined with the constant in order to identify the total utility for any of the possible product profiles.

Total Utility = β(constant) + β(Product Origin) + β(Price) + β(Certification)

Table 3 includes the calculated total utilities for each of the 27 product combinations ranked from most to least important.

Results shown in Table 3 indicate that top three most preferred product profiles are those that originate from a family owned firm. In order of preference the most desired product profile includes a low price ($13,500), originates from a family owned forest, and includes an FSC eco-label. The second most desirable profile would include the same elements but rather than an FSC eco-label some other certification be available. Interestingly the third most desired profile includes origination from a family forest an FSC eco-label and a price of

Table 3. Total Utility and Ranking for all Possible Product Profiles

Product Origin	**Price**	**Certification**	**Total Utility**	**Rank**
*Family Firm	$13,500	FSC Eco-label	8.272	1
Family Firm	$13,500	Other label	7.700	2
Family Firm	$15,000	FSC Eco-label	7.287	3
Corporate	$13,500	FSC Eco-label	6.762	4
Family Firm	$15,000	Other label	6.714	5
*Corporate	$13,500	Other label	6.190	6
Family Firm	$16,500	FSC Eco-label	6.176	7
Family Firm	$13,500	No label	6.141	8
*Corporate	$15,000	FSC Eco-label	5.777	9
Other	$13,500	FSC Eco-label	5.752	10
*Family Firm	$16,500	Other label	5.603	11
Corporate	$15,000	Other label	5.204	12
Other	$13,500	Other label	5.180	13
*Family Firm	$15,000	No label	5.155	14
Other	$15,000	FSC Eco-label	4.767	15
Corporate	$16,500	FSC Eco-label	4.665	16
Corporate	$13,500	No label	4.630	17
*Other	$15,000	Other label	4.194	18
Corporate	$16,500	Other label	4.093	19
Family Firm	$16,500	No label	4.044	20
*Other	$16,500	FSC Eco-label	3.655	21
Corporate	$15,000	No label	3.645	22
*Other	$13,500	No label	3.620	23
Other	$16,500	Other label	3.083	24
Other	$15,000	No label	2.635	25
*Corporate	$16,500	No label	2.534	26
Other	$16,500	No label	1.524	27

*Profiles in Survey

$15,000. This is compelling because the fourth most desired profile is less expensive $13,500 has an FSC eco-label, but originates from a corporate forest suggesting the possibility that consumers are willing to pay a premium for products that are identified as originating from a family firm and holding an FSC eco-label.

Conclusions

In the purchase scenario considered, the message presented to respondents included both emotional (origin, certification) and informational (price) elements and respondents ascribed a similar degree of importance to both informational element types. This suggests that both are meaningful in directing consumer purchase intent; however, while results indicate similar levels of overall importance, the emotional appeal, product origin, reflected a greater degree of importance in directing consumer preference relative to either the price or eco-label information elements. These results would indicate that from a cognitive processing perspective the capacity of the emotional message element to influence the purchase decision in question to a greater degree than the utilitarian informational element suggests the possibility that the peripheral pathway factors more predominantly in product preference indicating a purchase that is more characteristic of a low involvement purchase scenario.

In addition to serving as a means for identification of purchase involvement and the value of an emotional appeal in such a purchase scenario, the relative importance ascribed to these elements supports the presumption that a successful appeal was extended to consumers and relates findings to Ajzen's theory of planned behavior in a passive consumption scenario. Specifically, the value attached to the emotional appeal indicates that despite low engagement due to passive consumption, identified emotional appeals resonated sufficiently with strongly held consumer behavioral beliefs and attitudes to direct consumer intent regardless passive consumption challenges. This observation is based on the relative contribution of the emotional information attributes family firm and FSC eco-label in driving overall informational element importance on product selection.

While it is not believed that all passive consumption purchases parallel low involvement scenarios or are subject to the same means of consumer persuasion, it is not unreasonable to consider parallels between the two. By nature, passively consumed goods are regularly indirectly consumed, limited in terms of apparent differentiation, and not readily connected to public displays or other manifestations of higher involvement interaction. Similarly low involvement purchase scenarios often occur as habitual or necessary purchases where differentiation between products is minimal as is risk and products share what are largely similar performance attributes. Given the tenets of ELM and CRM, it is reasonable to expect that development of messages and appeals aimed at passively consumed goods which are low involvement in nature and absent other differentiating element are benefited by including emotional elements given the peripheral pathway through which cognitive processing occurs. Results bear this expectation out as the purchase scenario under consideration is both low involvement in nature and passive in manner of consumption and in review of results, the emotional appeal contributes a relatively higher degree of importance in driving consumer choice when compared to the more utilitarian appeal. The challenge however, according Ajzen's Theory of Planned Behavior (1985) in pursuing an emotional appeal in this category of consumer purchase is identifying appeals that sufficiently resonate with consumers norms and beliefs given limited consumer emotional investment.

Beyond relating passive purchase scenarios with low involvement and the value of an emotional appeal, results suggest that communication of a family firm image as an attribute of an overall product offering resonates strongly with consumer attitudes. Moreover, in considering drivers of consumer preference the attribute of product origin relative to the other attributes under consideration, is observed as returning the highest average importance and "Family Firm" contributes the most utility. Accordingly there is a reasonable expectation that within the bounds of this work, communication of a family firm image as a component of marketing communication may be an effective tool in developing a competitive advantage when leveraged accordingly. As these findings are inherently connected to a firm being family in nature, it is reasonable to suggest that the differentiation advantage this quality conveys could, within this nature of product offering, constitute a competitive advantage arising as a “familiness” quality within the resource based view of the firm (Barney, 1991; Hitt et al., 2005; Habbershon et al., 2003; Sirmon and Hitt, 2003).

By extension results from Table 2 and Table 3 indicate respondents tended to consider the attribute of origin with more regard than price which suggests the possibility that a premium could be attached to products identified as originating from a family firm. These anticipations are tempered however; as research evaluating similar products and focused on eco-labeling has yielded comparable results in terms of consumer attribute importance, but has failed to evidence significant premiums (Anderson and Hansen, 2004). Whether a premium could be achieved or not, the importance of communicating a family image is distinct and may be influential in other ways that would merit as being a competitive advantage including, but not limited to increased market share, stable demand and access to markets and consumer groups. Regardless, there is sufficient indication from these results that further investigation as to whether communication of a family firm image could derive a price premium is warranted. Whether these findings would translate to other product realms is a question as this work considered a product that is not typically differentiated beyond price and eco-labeling. It is not unreasonable to expect that similar advantages would be observed in other product realms particularly those where consumption is more active.

Beyond establishing an additional competitive advantage dimension of familiness within the resource based view of the firm, this work addresses the question raised by Craig et al., (2008) and expands on their findings by exploring consumer perception of the family firm from an intent to purchase perspective and validates the expectation that consumers in general place a higher value on products that are identified as originating from a family firm. This is not overly surprising as previous work has noted consumers tend to view family firms as being trustworthy, customer focused, and quality driven (Taguiri and Davis, 1996; Ward and Arnonoff ,1995; Cooper et al., 2005; Sundaramurthy and Kreiner, 2008). However, these previous works did not directly address the relative influence identification of the family firm would have in purchase scenarios where consumption is passive, involvement is low and price is a primary driver of product preference.

In terms of managerial implications, this work arrives at several compelling findings within the context of low involvement passive purchase scenarios. By identifying the persuasive nature of a product association with a family firm image an additional avenue of competitive advantage for family firms is underlined and provides reasonable support for growing and leveraging a family image in all aspects of product communication. This implication is particularly meaningful where product consumption is characteristically passive and low involvement in nature and options for positioning and marketing products are limited with competition frequently defined by price, volume, or brand recognition. Recognizing the appeal of a family firm image in these consumption scenarios, an additional and meaningful dimension of differentiation is introduced that bears a distinct benefit and advantage to firms and permits consideration of strategies beyond low cost and production efficiency.

Outside of family firms, these findings are particularly meaningful as they provide a framework for basic passively consumed goods which are low involvement in nature all of which invariably present a distinct challenge in terms of positioning and marketing due to limited avenues available for differentiation and or consumer unwillingness and or inability to process messages and appeals centrally. However, it should be noted that while the results from this research provide additional insight to the relative value of communicating a family image as well as marketing passively consumed goods, the results cannot be extrapolated as the research design was limited to a convenience sample.

Considering these results and past efforts, several suggestions for future study become apparent. The first avenue would include looking beyond additional demand of family produced products to the existence of a price premium and whether such a premium would be limited by product type and consumptive nature. Additionally, further exploration of what aspects of the family firm identification provoke the intent to purchase response. By further identifying these qualities, firms will be better positioned for marketing their goods and driving consumer behavior more efficiently. Examination of the external interface between the family firm and consumers has been relatively limited and further exploration is warranted. Additionally, similar review amongst other passively consumed goods would be merited as well.

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Conclusion

Approximately 450 B.C. Plato offered the axiom, “everything flows, nothing stands still,” this observation followed roughly 50 years after Heraclitus’ commentary that “change is the only constant.” Both observations speak to a fundamental truth that affects all aspects of existence. While change is perpetual a significant factor that differentiates changes is the rate at which it occurs. This added dimension is significant as the speed in which change occurs influences the ability to adapt which ultimately influences long term success or failure.

Within the wood-based building product industry change in terms of production, consumption, and supporting business processes has been ever present, but historically measured and less prone to seismic or Schumpeterian events. History aside, current reality challenges this pattern as the speed, magnitude, and force of change within the industry has increased significantly in recent decades, ushering in a new more turbulent competitive environment that continues to redefine the historical tenets of industry participation (Franklin and Johnson, 2004). The outcome of this reality is a heightened importance being placed on industry participants to evaluate market changes, trends, and implement strategies which utilize resources in a manner that supports continued operation and growth.

In response, the industry has increasingly moved toward adoption of a market orientation, wherein firms have become more customer driven and focused on identifying and filling needs better than competitors rather than competing strictly via price and volume (Hugosson and McCluskey, 2009; Cohen and Kozak, 2001). This transition from a static environment marked by efficiency and production standards to a more dynamic environment which emphasizes a deeper understanding of customers and competitors places continual pressure on firms to advance their own market knowledge so as to inform strategic resource deployment decisions in a manner wherein competitive advantages can be accrued (Teece, 2007; Cohen and Kozak, 2001; Porter 1994).

Accordingly, a range of work has been developed within the industry which directly and indirectly addresses aspects of implementing a marketing orientation. A notable example includes certification and eco-labeling which garnered early attention as a means of differentiating products in response to consumer ecological concerns (Ottman, 1998). Initial research in this arena indicated that consumers would not only seek out materials which had been certified but would pay a premium as well (Ozanne and Smith, 1998; Ozanne and Vlosky, 1997). However, in time, certification and eco-labeling proved to be less desirable to consumers than originally anticipated (Hrabovsky and Armstrong, 2005; Anderson, 2003).

In a move away from product differentiation but indirectly related strategically, Li et al., (2011) considered the contribution of corporate responsibility efforts on directing firm strategy and subsequent influence on development of competitive advantages. Within this work, internal and external business relationships were evaluated under the theory that corporate responsibility positions reflect consumer interests and subsequently should inform strategy and relationships in a positive manner resulting in accrual of competitive advantages. This theory was not reflected in the results and corporate responsibility efforts were not found to contribute significantly to development of competitive advantages. Instead the four most commonly referenced sources of competitive advantage included “advanced production technology,” “raw material acquisition”, “skilled labor force,” and “customer focus in tailoring products and services,” (Li et al., 2011).

Interestingly these findings reverberate more with a static production oriented environment rather than a turbulent globally competitive environment suggesting that traditional resources continue to maintain a significant role in establishing a competitive advantage. However, as they are standard, sustainability based solely on acquisition and deployment of these resources is challenged (Porter ,1994). To compete successfully long-term, firms must develop sustainable competitive advantages, which are developed as a result of continuously creating new resources while refining current ones (Barney, 2007). However, reconfiguration of existing resources and introduction of new resources is not sufficient; to become a source of sustainable competitive advantage; instead resources must be rare, inimitable, and non-substitutable (Barney, 1991). Even unique services developed in response to acquired consumer knowledge are limited in long term value as services are often easily imitated (Barcet, 2010). As such, standard resources such as those noted in the findings of Li et al., (2011) are non-sustainable long term despite their historical cache. The Resource Based View of the firm deals with the concept of firm developed sustainable competitive advantages by prescribing execution of an appropriate market strategy using selective deployment of internally held resources and core competencies (Barney, 1991). Bearing this in mind, within the wood-based building products industry there continues to be a need for a better understanding and appreciation of market and marketing based resources in a turbulent and changing market structure (Osmo et al., 2011).

This work expands upon the aforementioned efforts and addresses the overall question of interest by considering and identifying the nature and ramifications of an increasingly complex and heightened competitive environment facing wood-based primary building product industry participants by advancing the understanding of strategic marketing at the industry, firm, and product level. This is accomplished through a review of the market factors and associated challenges and opportunities present at the industry level, evaluation of implementation of a market orientation at the firm level, and exploration of consumer behavior and differentiation opportunities at the product level. By connecting each element, a more thorough understanding of industry specific strategic marketing challenges and opportunities is accomplished. Moreover, addressing these interests together in one work provides an improved and more meaningful perspective of how industry change resonates at the firm level and the opportunities available within the customer/consumer realm to support firm strategy and in turn ultimately the industry environment.

More specifically, in chapter one, this work demonstrates through secondary research and case based analysis that strategies based on marketing and differentiation are increasingly being deployed as a means of addressing industry turbulence and increased competition despite the inherent challenges posed by the general commodity nature of products and passive manner of consumption (Tokarczyk and Hansen, 2007). Beyond providing a perspective and clarification of the factors contributing to industry turbulence and increased competition; this work interlays strategic marketing theory with practical cases of successful and unsuccessful strategic marketing enterprises which further delineates challenges and opportunities of differing strategic marketing efforts. Overall, this work builds a foundational case for firms to consider implementation of a market orientation and provides a unique perspective on the value and potential of strategic marketing as a means for firms to regulate the industry's cyclical nature while providing opportunities for developing competitive advantages (Tokarczyk and Hansen, 2007).

The second chapter builds on the findings of the first chapter by affirming the value of a market orientation strategy as a means of developing a sustained competitive advantage in an industry largely defined by commodity goods. Using the resource based view of the firm (Barney, 1991) as a theoretical framework and primary qualitative analysis, this work indicates that at the firm level, a variety of resources unique to the firm are held which can in turn be utilized to facilitate execution of a market oriented strategy which in turn can yield sustained competitive advantages. In identifying and expanding on these firm-specific resources, firms are better positioned to foster and build on them so as to maximize execution of their competitive strategy.

While the second chapter reinforces a market oriented strategy as means of providing a desirable competitive trajectory when executed well, primary wood product items consumed passively present distinct challenges to firms seeking to engage consumers and differentiate offerings. Accordingly, differentiation emphasis within the industry has tended to focus in arenas beyond the product itself and more towards service (e.g. customization capability, customer service), however, as noted, service driven differentiation is limited in ability to drive sustainable competitive advantages. Addressing this challenge is of distinct value as a market oriented strategy presumes a degree of consumer driven differentiation and is addressed in the third chapter.

In terms of actual wood-based primary building product differentiation, perhaps the most common example found of late in industry oriented literature has been certification and eco-labeling in nature, but as noted, this manner of differentiation appeals to a narrow range of consumers. This is not surprising given that consumer behavior tendencies involving passive purchase scenarios are by nature low involvement, and low involvement consumers are insufficiently motivated by messages aimed at driving consumer behavior. Regardless, it is important to note that despite limited appeal, a contingent of consumers exists for whom this differentiation holds value which suggests that intangible product specific dimensions of differentiation are available for strategic deployment despite the product's commodity nature and passive manner of consumption, but limited to those arenas where consumer interests, beliefs, and values are strongly held (Deighton and Grayson, 1995; Babin et al., 1994).

In light of these considerations, identifying additional dimensions of differentiation which are valued by consumers in a low involvement passive consumption purchase scenario becomes a primary benefit to executing a strategy reliant on differentiation. The third chapter addresses this consideration by exploring additional dimensions of product differentiation through a conjoint analysis. Findings suggest that intangible product qualities such as product origin are potentially viable dimensions through which purchase decisions can be influenced. Overall, this knowledge is of benefit as it expands existing work and could prove of significant value to firms whose business processes and characteristics are in line with the product dimensions which are meaningful to consumers. Moreover, given the stated preferences of respondents to concerns of product origin in addition to previous empirical work concerning eco-labels, it is not unreasonable to expect that provision of additional consumer relevant product information differentiation dimensions such as life cycle analysis comparisons or other comparative technical information would be beneficial in further differentiating offerings and drive purchase decisions. Theoretically these additions would be not be limited to local phenomena however, depending on the nature of additional dimensions, locale may drive relevant dimensions.

Taken together the three chapters presented in this work build upon one another to present a more complete understanding of the challenges and strategic marketing opportunities present within the wood-based primary building products industry. Traditionally, marketing and consumer behavior have been an under explored arena of research within this industry, however, it has received increasing attention as the turbulent and competitive environment has become increasingly profound (Franklin and Johnson, 2004). By connecting industry environment to firm strategic actions and finally consumer product interests, this work provides meaningful perspective and consideration for both researcher and industry participant alike.

Within this view and based on findings, several conclusions may be drawn. First, based on continued turbulence and nature of change within the wood-based primary building product industry there is an increasing need and value found in more market driven strategies which rely on intangible resources rather than traditional resources, such as a market orientation. Second, for primary wood-based building product industry participating firms which employ a market orientation there are firm specific qualities which coalesce as intangible resources which collectively support execution of said strategy and support development of sustainable competitive advantages. Third, leveraging a market orientation involves differentiation and within the primary product realm of the industry, consumers and by extension customers perceive product origin as being more important in product preference than price which is consistent with the passive nature of consumption and low involvement of purchase.

While each chapter informs the next from a theoretical standpoint, there are distinct limitations that should be considered. First and foremost, observations and conclusions drawn in the second chapter (first article) are taken from secondary research and as such interpretation is dependent in large degree to theory and observation and as such is subject to error. Moreover as the chapter speaks largely to turbulence within the industry the relative veracity of the information employed in developing the chapter is prone to change subject to change over time. However, as change and turbulence are ever present and the primary tenets of the article speak to this phenomenon while relaying historical aspects of industry practices in context with change, there should remain value in the work. In the third chapter (second article) two distinct limitations are present. First the lack of randomness in the sample of firms eliminates any possibility of extrapolation to a larger population. Secondly, the relatively small sample size limits some the capacity to explore deeper analytical considerations with respect to resource based view firm characteristics. Additionally the small sample size limits a more robust analysis and opportunities to further validate results. Lastly the fourth chapter (third article) is limited in terms of the convenience sample used. The lack of randomness in the convenience sample eliminates the ability to extrapolate to a larger population. In addition regionality of the sample limits the ability to consider whether responses are reflective of a larger more diverse consumer base. Lastly the method of analysis while insightful in terms of identifying the relative importance respondents attach to various product attributes, does not allow for additional statistical analysis such as significance testing. Overall, limitations are present in this work, but are not so significant as to detract from accomplishment of the work's objectives.

With respect to future work and based on the findings of the third chapter which indicate that consumers do respond favorably to additional product information dimensions, there is interest in exploring whether a multidimensional label capable of communicating consumer oriented information in addition to basic ecological or product origin interests would prove equally or more influential in directing purchasing behavior in the wood-based primary building product industry and by extension other arenas where consumption is characteristically passive.

Toward this end, Life Cycle Assessment (LCA) is a possible means of providing multi-dimensional product information that could be relayed in consumer friendly label format. LCA is capable of providing product specific information across multiple dimensions (ecological impact, biological impact, and product performance) (EPA, 2010). Relative to a traditional one dimensional product label, LCA is decidedly more quantitative in nature however, categorization and communication of LCA results in a consumer friendly eco-label format is an achievable exercise and from a marketing standpoint the concept of LCA labeling is intriguing in that the inclusive nature of LCA compared to existing eco-labeling formats provides multiple options upon which to build effective communications. Given the positive correlation between volume of label information and consumer preference, there is reasonable expectation that LCA related labeling could in fact resonate in a meaningful fashion and lead to improved label guided consumption in product markets that are characterized by passive consumption (Tiesl, 2003).

There is no previous research that considers the use of LCA information in a consumer oriented label format and future research of this type on passively consumed products could provide meaningful identification of additional opportunities for product differentiation both at the firm level and at the industry level. This particularly meaningful at the industry level as wood-based primary building products are challenged by alternative building materials.

Furthermore, as the third chapter suggests, the challenge of positively influencing consumer behavior with respect to passively consumed goods becomes a question of identifying and positioning product attributes to those with strongly held behavioral beliefs and attitudes. By providing additional information dimensions such as an LCA oriented label in a consumer friendly format that communicates consumer oriented information, there is an increasing likelihood that label information attributes will resonate with one or more consumer behavioral beliefs, norms, and or perceived behavioral control in such a way as increase attitude, intent, and behavior (Ajzen, 1985 and 1991).

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Appendix

Appendix A – Questionnaire used in State Fair survey

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Oregon Wood Innovation Center
Connecting people, ideas and resources

#

1) Imagine you are buying lumber to frame a 2,500 square foot single story house (using standard construction practices). In the scenario below you are faced with 9 alternatives. Each alternative is a different combination of the three lumber features listed below.

<u>Features</u>	<u>Levels</u>
Price	**$ 13,500** **$ 15,000** **$ 16,500**
Wood Origin	**Family** – lumber was processed from trees grown on family owned forestland. **Corporate** – lumber was processed from trees grown on corporate owned forestland. **Unknown** – lumber was processed from trees grown on forestland of unknown ownership.
Certification	**FSC Ecolabel** – the lumber displays a Forest Stewardship Council (FSC) ecolabel indicating the product comes from a well-managed forest. **Other Ecolabel** – the lumber displays an ecolabel indicating the product comes from a well-managed forest (ATFS, CSA, PEFC, SFI, etc.). **None** – no information regarding the forest management practices used for the product was provided.

Consider the features listed for each of the following alternatives and then rank the alternatives from 1 – the one you most prefer, to 9 – the one you least prefer. Please use each number only once.

Alternative A	Rank ______	**Alternative B**	Rank ______	**Alternative C**	Rank ______
Price:	$13,500	Price:	$16,500	Price:	$13,500
Origin:	Unknown	Origin:	Corporate	Origin:	Family
Certification:	None	Certification:	None	Certification:	FSC Ecolabel

Alternative D	Rank ______	**Alternative E**	Rank ______	**Alternative F**	Rank ______
Price:	$15,000	Price:	$15,000	Price:	$13,500
Origin:	Family	Origin:	Corporate	Origin:	Corporate
Certification:	None	Certification:	FSC Ecolabel	Certification:	Other Ecolabel

Alternative G	Rank ______	**Alternative H**	Rank ______	**Alternative I**	Rank ______
Price:	$15,000	Price:	$16,500	Price:	$16,500
Origin:	Unknown	Origin:	Unknown	Origin:	Family
Certification:	Other Ecolabel	Certification:	FSC Ecolabel	Certification:	Other Ecolabel

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2) **Do you own forestland?** *(check one)* ϕ Yes ϕ No

3) **What is your occupation?** ___________

4) **What is your zip code?** __________

5) **Please indicate your gender.** *(check one)*
ϕ Male ϕ Female

6) **Please indicate your age.** *(check one)*
ϕ 18-25 ϕ 26-35 ϕ 36-45 ϕ 46-55 ϕ 56-65 ϕ 65+

7) **What is the highest level of formal education you have completed?** *(check one)*
ϕ Less than high school diploma ϕ High school diploma
ϕ 2-year associates degree / trade school ϕ 4-year college degree
ϕ Advanced degree beyond 4-year degree

8) **Which of the following categories best describes your current approximate annual household income?** *(check one)*
ϕ Less than $20,000 ϕ $20,000 - $34,999 ϕ $35,000 - $49,999
ϕ $50,000 - $74,999 ϕ $75,000 - $99,999 ϕ $100,000 - $149,999
ϕ $150,000 - $199,999 ϕ $200,000 or more