

AN ABSTRACT OF THE DISSERTATION OF

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Title: Marketing Sophistication in the Forest Products Industry.

Abstract approved:

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In the forest products business and management literature, one common categorization of different types of innovation is product innovation, process innovation and business systems innovation. Forest products companies have long placed high emphasis on process innovations, which are related to yield maximization, manufacturing efficiency and operating costs reduction. This is considered insufficient from a long-term perspective as customer needs become increasingly complex in a changing market environment. Business and managers should seek innovation opportunities from the market and customer side of the business, i.e., business system innovations. In a company, marketing serves as the interface between the organization and its market and customers and thus possesses substantial opportunity for developing business system innovations.

The approach to marketing in the forest products industry has traditionally been production- and sales- oriented. Management attention was almost entirely on keeping the production capacity in full and letting sales worry about how to move the products. As technology advanced, competition intensified and customer needs became more complex, the forest products industry needed to start adopting a more sophisticated marketing approach, by focusing more on meeting the needs of customers and other stakeholders.

The term “marketing sophistication” is used in this research to characterize how marketing is understood and implemented in a firm.

Literature in general marketing and forest products marketing both document an evolution in marketing sophistication, from a production/sales orientation to a customer/market/stakeholder orientation. However, there is no systematic investigation of marketing sophistication, especially in the context of the forest products industry.

To fill the knowledge gap, this research examines marketing and marketing sophistication in the forest products industry. A theoretical foundation about the evolution of marketing sophistication is firstly developed. The relationships between a market orientation and other firm characteristics are then assessed. Data was collected through mail survey from the top 100 global Forest, paper & packaging industry companies, identified by PricewaterhouseCoopers (PWC) in its 2008 global forest, Paper & Packaging Industry Survey. The results show that market orientation is positively related with other firm cultures including learning orientation and innovativeness. Market orientation can play an important role in a firm by potentially supporting other cultures and practices that are related to firm performance. Also, the connection between a market orientation and corporate social responsibility implementation could potentially signal that a market orientation is affiliated with a stakeholder orientation. The implied importance of market orientation from the study leads to a more in-depth investigation of marketing sophistication within the context of the private U.S. sawmilling companies. The marketing culture, marketing strategies and the role of marketing were studied using a case-based approach. Findings suggest that the companies did not have a holistic understanding of marketing and were mostly production/sales-oriented. Also, many companies did not have an integrated marketing department but a sales department that was mainly performing sales work. Although a production/sales orientation largely existed, it was quite clear that many of the studied companies have begun to pursue a

customer/market/stakeholder orientation as a more sophisticated marketing approach.

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Marketing Sophistication in the Forest Products Industry

by
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A DISSERTATION

submitted to

Oregon State University

in partial fulfillment of
the requirements for the
degree of

Doctor of Philosophy

Presented October 1, 2014
Commencement June 2015

Doctor of Philosophy dissertation of Xiaoou Han presented on October 1, 2014

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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.

Xiaoou Han, Author

ACKNOWLEDGEMENTS

I would like to express my sincere appreciation to my major advisor, Dr. Eric Hansen. I appreciate his guidance, insights, support and patience! It has been a long journey but a great experience working with him. Also, I am thankful to my colleagues of Forest Business Solutions Team, for their support and company during this process.

I would like to extend my thankfulness to Dr. Scott Leavengood, Dr. Claire Montgomery, Dr. Dwaine Plaza and Dr. Anne Toppinen for serving on my committee and providing help, insights and encouragement.

Additional thanks to my family for always being supportive. Special thanks to my husband Jian who accompanied me to almost all the sawmill visits and made the travel more fun, and also to my mother Liling (利玲) and mother-in-law Yazhen (亚珍) who provided their generous help with taking care of my one year old son during the past year so that I could concentrate on and finish this work.

Finally, I want to say thanks to Lindt and Godiva chocolate producers. Thank you for producing such good chocolates that kept me happy and motivated during the gloomy rainy days of Oregon winter.

CONTRIBUTION OF AUTHORS

Dr. Eric Hansen was involved in all aspects of the development of this dissertation. Dr. Panwar Rajat provided valuable comments on Chapter 2 which was accepted by *Scandinavian Journal of Forest Research*. Ms. Rebecca Hamner and Ms. Nadine Orozco contributed to data collection of Chapter 2. Dr. Mark Needham and Ms. Ariel Muldoon advised on statistical analyses.

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CHAPTER 1 – INTRODUCTION

Forests have played an essential role in human history and civilization. They are sources of food and medicine; they provide raw material for shelters; they are important sources of fuel; and they are a critical component of the ecosystem that regulates water supplies, conserves soil and helps mitigate climate change. About 350 million of the poorest world population heavily depend on forests for their well-being. In an economic sense, the forest sector contributes about 1 percent of world GDP and provides employment for 0.4 percent of the total labor force, with estimated 1 billion people depending on forests for livings (FAO 2012). According to the aggregate data, the forest sector contributes to only a very small part of the world economy. However, the importance of the forest sector is considerably large in some countries. Especially in rural areas, the forest sector plays a significant role in terms of social wealth generation and employment provision (e.g., In Liberia, the forest sector accounts for 17.7 percent of GDP (FAO 2012).

In the forest sector which includes forest management, timber harvesting and forest products manufacturing, the forest products manufacturing industry turns trees into various products such as lumber, panels and paper. The sector serves as the bridge between forests and markets and thus represents an important part of the whole value chain. Also, the survival and prosperity of the industry depends on both forests, which are their sources of raw materials, and the markets and customers, which are their sources of income and profits. Therefore, both forests and markets are critical components to fulfilling human wants and needs. However, traditionally the forest products manufacturing industry has placed more emphasis on forests and utilization of raw materials than understanding the markets and customers (Toppinen et al. 2013). Such emphasis can be reflected by the type of innovation mostly adopted by the industry.

In the forest products literature, one common categorization of different types of innovation is product innovation, process innovation and business systems innovation (Hansen et al. 2007, Hovgaard and Hansen 2004). Product innovation is quite self-explanatory by the name; it is about product development and improvement. Process innovation mostly concerns manufacturing technology and operating techniques. Business systems innovation is about management and marketing practices. For many years, the forest products manufacturing industry has been dominated by a low-cost business logic (Toppinen et al. 2013). Firms believe that low cost and price-competitiveness are the key role to their success in the marketplace. To reduce costs and achieve competitiveness, many companies place a high emphasis on process innovations, which are related to yield maximization, manufacturing efficiency and operating costs reduction (Crespell et al. 2006).

The reason why process innovations are the focus is because of the natural resource-based nature of the industry. The availability of raw materials, in terms of both quantity and quality, has been expressed as one major concern in forest products companies, especially for pulp and paper and primary wood industries (Toppinen et al. 2013). Process innovations help firms better utilize scarce raw materials and make operational processes more efficient, enabling firms to maintain a competitive position in the marketplace. However, this is considered insufficient from a long-term perspective as customer needs become increasingly complex in a changing market environment (Hansen and Juslin 2006).

Business and managers should seek out innovative potentials from the market and customer side of the business, which are related to business system innovations. In a company, marketing serves as the interface between the company and its market and customers and possesses substantial opportunity for business system innovations (Hansen 2006).

The contemporary marketing literature documents a shift in marketing from a production/sales orientation to a customer/market/stakeholder orientation (Tadajewski 2009, Stoddard 2007, Narver and Slater 1990). There is an extensive discussion focusing on market orientation and its relationship with innovations and other firm characteristics and its positive impact on firms' performance (Liao et al. 2011, Sinkula et al. 1997). While a market orientation is a business system innovation itself, it also promotes other innovations in general (Hurley and Hult 1998). Jaworski and Kohli (1993, p.56) maintain that a market orientation can be viewed as a form of innovative behavior and, "essentially involves doing something new or different in response to market conditions." Several others see a market orientation as an important antecedent of innovation by itself or along with other firm characteristics, for example, learning orientation (Baker and Sinkula 2007, Hult and Hurley 2004, Lukas and Ferrell 2000). Therefore, as a business system innovation, a market orientation could also provide a supportive culture for other innovations in the firms and thus help them gain competitive advantages continuously. Consequently, a market-oriented culture is shown to have positive impact on firm financial performance (Ellis 2006, Kirca et al. 2005, Narver and Slater 1990).

Objectives

Given the rising importance of business system innovations, and the critical role of a market orientation in a firm indicated by general marketing literature, it is essential to understand marketing sophistication in the forest products manufacturing industry. Current forest products business and marketing literature implies increasing attention on business systems innovation by frequent discussion of customer-focus and market orientation (Lefaix-Durand and Kozak 2009, Hansen and Dibrell 2006, Niemelä and Smith 1996). However, there is no systematic examination of the current status of marketing sophistication in forest products firms. With that in mind, the goal of this research is to enhance our understanding of marketing sophistication in

the forest products manufacturing industry. Specifically, this work attempts to accomplish the following objectives:

- Assess the connection between market orientation and innovativeness as well as other firm characteristics in the global forest products manufacturing industry (addressed in Chapter 2).
- Examine how marketing is understood in the context of private U.S. sawmilling companies and evaluate the current marketing culture and marketing strategy adopted (addressed in Chapter 3).
- Within the context of U.S. private sawmilling companies, explore and identify the role of a marketing function and how marketing is operationalized in a firm (addressed in Chapter 4).

Marketing during the early years

In a subsistence economy prior to the industrial revolution, what people consumed was mostly produced by themselves. A man needing a piece of lumber to repair the roof of his house was likely to have to go into the forest and cut down a tree by himself (or with the help from neighbors of course). When the repairing work was done, he could possibly take the remaining wood from the tree he cut down to the market and trade for some flour to make bread or some fabric for his wife to make a new dress. There was little need for marketing, since the typical exchange in the market during this period was just simple barter between two people/households who were in need of what the other person/household had to offer (Stoddard 2007). With the advent of money into human history, later on this man might realize that this could be a way to support his family and thus started a lumber making and selling business as a small family enterprise. There could be other small businesses emerging producing different goods needed by people. Still, the small scale of these enterprises called for little need for complex marketing.

Then came the industrial revolution when more efficient manufacturing methods were invented and implemented. The producers of goods changed from individuals and households to larger organizations with employees and equipment. Goods in the market became much more abundant than before as a result of the adoption of new technologies and production methods. This was considered as the starting point of the development of marketing as a separate field of expertise (Stoddard 2007).

The earliest marketing related study that can be found was around 1910, conducted in American land-grant universities in the Midwestern area of the U.S (Webster 1992). The study focused on agricultural markets and tended to address questions such as how agricultural products are brought to the market and are priced. These agricultural products were treated as pure commodities and the discussion centered on the commodities and the institutions involved in bringing these commodities from where they were produced to industrial customers, end users and consumers (Camp 1915, Powell 1910). These early studies considered marketing as a set of social and economic processes and were descriptive rather than normative. Marketing did not have a managerial focus at all based on these studies, while later it was considered an important managerial function in a company (Kotler 1967).

Around 1950, as marketing started to be defined as “business activities”, the emphasis of marketing research shifted towards a managerial perspective (Bartels 1962). Marketing was often referred as “marketing management” during this period and was associated with decision-making and problem-solving processes. The emphasis was on product planning, pricing, promotion and distribution (Ruekert and Walker 1987; Webster 1988). It was also during this period that customer focus and customer satisfaction started to become important in marketing practices and marketing research (Levitt 1960; Drucker 1954).

The evolution of modern-day marketing sophistication

Keith (1960) was suggested to be the first who recognized the growing importance of marketing and its evolution into a managerial function in firms. As an executive at The Pillsbury Company, Keith (1960) witnessed that Pillsbury shifted its focus “from problems of production to problems of marketing, from the product we can make to the product the consumer wants us to make, from the company itself to the market place.” Building onto the work of Keith (1960), others studied the evolution of marketing by dividing it into different stages, with a different focus on each stage (Tadajewski 2009, Kotler 1988; Fullerton 1988; Bartels 1962). The ways to divide the evolution of marketing sophistication were slightly different as suggested by different authors, but the thoughts behind them were quite similar to what Keith (1960) suggested. In general, the evolution of marketing sophistication can be considered as four stages: production orientation stage, sales orientation stage, customer/market orientation stage, stakeholder orientation stage (Hult et al. 2011; Narver and Slater 1990; Kotler 1988). Stoddard (2007) suggests that there is also a relationship marketing orientation stage after the customer/market orientation stage. However, in this research relationship marketing is considered as a separate school of thought regarding marketing evolution which has its focus on buyer-seller relationship. Broadly speaking, the thoughts behind transactional marketing are quite similar to a production orientation and a sales orientation, while the ideas of relationship marketing are highly consistent with a customer/market orientation and a stakeholder orientation. The development from transactional marketing to relationship marketing also depicts the evolution of marketing thought, but with a particular research focus on how to manage the various relationships relevant to a business.

Production orientation and sales orientation

A production orientation and a sales orientation are similar in nature but not synonymous. The idea of a production orientation is closely related with high production efficiency and low cost; while a sales orientation focuses on selling techniques (Stoddard 2007, Kotler 1988).

Production-oriented companies concentrate on producing large quantities of commodities at low costs. Companies believe that what they provide is what the customers need and low price will bring them competitive advantage. Therefore, these companies seek to reduce the cost of production in order to pass along the benefit to customers in the form of low prices. Production-oriented companies are inward-looking since the center of the business is the company itself and “what the company can make”. The production orientation stage has its roots in the early 1900’s with the continuously increasing growth of the U.S. industrial and market economy. During that time, newly developed industrial technologies along with the improved agricultural technologies contributed to the increase of products and services in terms of both quantity and quality. Also, effective growth of large cities provided a great number of consumers with relatively simple needs (Tadajewski 2009). In such an industrial climate, where it seemed that all levels of production could be absorbed, it was not surprising that customers and their thoughts were almost completely ignored (Lynd 1934).

Similar to a production orientation, a sales orientation does not encompass meeting customer needs. A sales-oriented company aims at selling what it can make rather than make what it can sell. However, a sales orientation requires more selling techniques than a production orientation which holds “products sell themselves”. Companies with a sales orientation focus on developing various selling techniques to move their products out of the manufacturing facilities. These companies believe that customers generally have buying resistance and need to be persuaded to make the purchase by aggressive selling and promotional efforts. The Great Depression is considered as the major historical event associated with the birth of a sales orientation. Starting in 1929, as the U.S. stock market collapsed, depression quickly spread and seized almost every country in the world. People’s incomes dropped, international trade plunged by more than half. In the U.S., unemployment rose to 25% (Lucas and Rapping 1972). As a result, industries suffered from extremely low prices and profits due to low demand. A

production mentality was no longer successful since companies could not sell all products that they produced, even with lowered prices. Great pressure was placed on businesses to look for customers and markets. Companies had to become more aggressive with selling (Kotler 1988).

Being sales-oriented, companies start to be conscious of customers. They take the first step to shift their focus from products and the company itself to the customers, by getting to know who they are and attracting them by promotional efforts. To be sure, they pay more attention to the customers than the production-oriented companies. However, the reason for that is not necessarily concerned with meeting customer needs, but rather selling the products. Therefore, these companies which are similar to the production-oriented companies, are still inward-looking.

Customer orientation and market orientation

A production orientation and a sales orientation worked well during early times, when demand was relatively high and customer needs were simple and homogenous. However, the market was changing and so were customer needs. A production orientation and a sales orientation have become obsolete marketing approaches in an ever-changing market with increasingly complex customer needs and intensive competition (Keith 1960). To stay in the market and be competitive, a company has to keep an eye on how their customers are shaped by a changing socioeconomic context. Companies may want to shift their focus from products to customers and the market, from inward-looking to outward-looking. Marketing started to evolve to the customer- and market-oriented stage.

A customer- and market orientation is developed based on the marketing concept (Jaworski and Kohli 1993). The market concept suggests that satisfying customer needs is the key to long-term profitability and thus customer value must be the central element of all business activities (Webster

1988). A customer and a market orientation both have an outward-looking focus and place customers at the center of the business. Companies with a customer and a market orientation concentrate on identifying and meeting customer needs. They realize that the purpose of their business is not producing what they can and then using hard-sell techniques, but rather offering what is needed by customers. Market research is conducted and business operations are based on customer responses. Customers are the beginning and also the end of all marketing problems (White 1927). As Drucker (1954, p. 37) stated:

“There is only one valid definition of business purpose: to create a satisfied customer. It is the customer who determines what the business is. Actually marketing is so basic that it is not just enough to have a strong sales force and to entrust marketing to it. Marketing is not only much broader than selling; it is not a specialized activity at all. It is the whole business seen from the point of view of its final result, that is, from the customer’s point of view.”

A customer - and market - orientation was initiated by the economic climate after World War II. The industrial expansion during the war time along with the post-war recession resulted in great competition among companies and even industries. Distributing products from an increased capacity and making profits from them became a problem for manufacturers. Also, the 1973 oil crisis led to soaring energy prices, further exacerbating the inflation that already occurred. In addition, new economies emerged in other areas of the world and became competitive. The U.S. markets were facing both external and internal challenges. This called for more attention to the market and customers (Bliss 1942). It became increasingly important for companies to modify their business activities according to customer demand (Tadajewski 2009). Businesses shifted their focus from products to customers.

The term “customer orientation” and “market orientation” were considered as synonyms initially but later on market orientation developed into a richer concept with multiple components (Narver and Slater 1990, Kohli and

Jaworski 1990, Lear 1963). Market orientation has been studied extensively after the term was firstly mentioned by Lear (1963). Most of the hundreds of studies focused on market orientation find it to be potentially connected to firm performance. One major component of a market orientation is still considered to be customer orientation, with the idea that the primary goal of business is to create satisfied customers (Dashpande and Webster 1989, Payne 1988). All the activities taking place should be centered on the idea of meeting customer needs. The significance of a competitor focus is also suggested and embraced, since competitors can impact customers and their needs (Kotler 1977, Narver and Slater 1990). It is suggested that competitors, along with customers, comprise the major external environment of a company (Kotler 1977).

Narver and Slater (1990) and Kohli and Jaworski (1990) are the two, well-known “camps” of thought regarding market orientation. Narver and Slater (1990) consider market orientation as an organizational culture, while Kohli and Jaworski (1990) define it from an operational point of view. They provide two perspectives to approach market orientation with the same core - customers. The two approaches represent different angles of interpreting market orientation but are essentially consistent with each other (Narver and Slater 1990).

By examining the major conceptual literature on both sustainable competitive advantage and market orientation, Narver and Slater (1990) infer that market orientation consists of three components-customer orientation, competitor orientation, and interfunctional coordination, with the addition of two decision criteria, namely, long-term focus and profitability. Customer orientation is to have a good understanding of the target customer in order to provide continuously superior value. It requires the seller to understand the entire value chain today and also in the future (Day and Wensley 1988). Competitor orientation means that a seller understands the short-term and long-term

strengths, weaknesses and strategies of its current and potential competitors (Aaker 1988; Day and Wensley 1988; Porter 1980, 1985). A seller, in order to analyze the competitors, should firstly understand the approaches with which it can satisfy the target and potential customers (Levitt 1960). Interfunctional coordination comes as another important element constituting market orientation. With a comprehensive understanding of customers and competitors, an organization should utilize its resources in a coordinated manner to create superior value for the customers. Such a process needs a synergistic effort of all functional groups in an organization (Webster 1988; Narver and Slater 1990). In addition, a long-term perspective and considerations of profitability need to be integrated into any decision making process in the organization, to ensure the present and future survival and prosperity (Narver and Slater 1990, Kohli and Jaworski 1990).

Taking a different perspective, Kohli and Jaworski (1990) interpret market orientation with the concentration on organizational behaviors and activities. By doing an extensive review of literature on marketing, Kohli and Jaworski (1990) suggest that it is essential to be more specific on how to transform marketing from merely a concept/philosophy into practice - an issue under-addressed in the literature. Therefore, they define market orientation from an operational point of view with its three components, namely, intelligence generation, intelligence dissemination and responsiveness.

Market intelligence is the starting point of market orientation. The intelligence generation process involves finding out current and future needs of customers. Besides customers' verbalized opinions, the exogenous factors (competitors, regulations, etc.) that can have an impact on customer preferences should also be carefully analyzed (Day and Wensley 1983). Intelligence dissemination is the step to communicate market intelligence to the individuals and departments throughout the organization. To respond to a market need effectively, all the departments in the organization should be

aware of the newly generated market intelligence. The final component of market orientation is responsiveness. Market intelligence can be generated and disseminated in an organization, but it will achieve nothing if the organization does not respond to it. Hence, an organization needs to take actions according to the market intelligence that has been generated and disseminated with the goal of satisfying customers. Such actions can include target market identification, product and service design, etc. (Kohli and Jaworski 1990). Each of the three steps of operational market orientation is centered on customer focus and coordinated marketing, which are considered important pieces of the concept of marketing and the “pillars” based on which market orientation is constructed (Kohli and Jaworski 1990; Bell and Emory 1971; Felton 1959). Profitability is seen as an expected outcome of a market orientation (Kohli and Jaworski 1990).

The two “camps” certainly approach market orientation from different points of view. Narver and Slater (1990) suggest that market orientation is an organizational culture. It can be understood as attitudes and values that are shared by the people in the organization. It is “an invisible hand” guiding individuals’ behavior (Lichtenthal and Wilson 1992). From a different angle, Kohli and Jaworski (1990) consider market orientation as the organizational-wide activities of implementing marketing. However, these two perspectives share some “common ground”. In Narver and Slater’s (1990) construct, customer orientation and interfunctional coordination are two of the three major components of market-orientated culture; for Kohli and Jaworski’s (1990) construct, customer focus and coordinated marketing are the pillars that market-orientated operation is based on. Both constructs of market orientation stress a focus on customers’ needs and the interdependence among different functional departments of the organization. Especially, they both stress that it is important to take care of not only the immediate and direct customers but also the potential and indirect ones.

Being distinguished from production orientation and a sales orientation, customer and market orientation are outward-looking. Changing business focus from the company itself and the products it produces to satisfying customer needs is truly evolutionary. Nevertheless, achieving this task requires a comprehensive understanding of all the stakeholders, who are the individuals and groups that can possibly have an impact on the company. Except for customers and competitors, customer and market orientation largely ignore these stakeholders, which include but not limited to employees, suppliers and government, etc. (Maignan et al 2011).

Stakeholder orientation

The seminal work by Freeman and Reed (1983) can be thought of as the origin of contemporary stakeholder theory. He asserts that firms should actively deal with a broad range of groups other than shareholders and analyze what they mean for its business practices. In a broad sense, a stakeholder group is “any identifiable group of individual who can affect the achievement of an organization’s objectives” (Freeman and Reed 1983). The stakeholder perspective is captured in the marketing literature by the discussions on ethics and social responsibility (Hult 2011, Maignan and Ferrell 2004, Blodgett et al. 2001). In marketing, a stakeholder orientation requires a more expansive perspective than a market orientation (Ferrell et al. 2010).

The concept of stakeholder orientation is developed based on market orientation. They share some similarities but eventually differ from each other (Figure 1.1). With a focus on social responsibility and the impact of marketing on society, the scope of a market orientation is broadened by having considerations of other stakeholders beyond just customers and competitors (Hult et al. 2011, Lusch and Laczniak 1987). However, these stakeholders are considered important primarily due to the reason that they all have impact on the customer needs and purchasing behaviors. Customers and competitors are always the primary stakeholder groups and they are highly prioritized

when a firm thinks about and implements marketing. A true stakeholder orientation is also concerned with customer needs and competitor actions, but it essentially emphasizes the importance of all the individuals and organizations that a company is responsible to (Freeman 1983). The stakeholder perspective enriches marketing literature with the sense of ethics and social responsibility and focuses on the wellbeing of all stakeholders (Blodgett et al. 2001). Ferrell et al. (2010, p. 93) propose the definition of a stakeholder orientation as “the organizational culture and behaviors that induce organizational members to be continuously aware of and proactively act on a variety of stakeholder issues.”

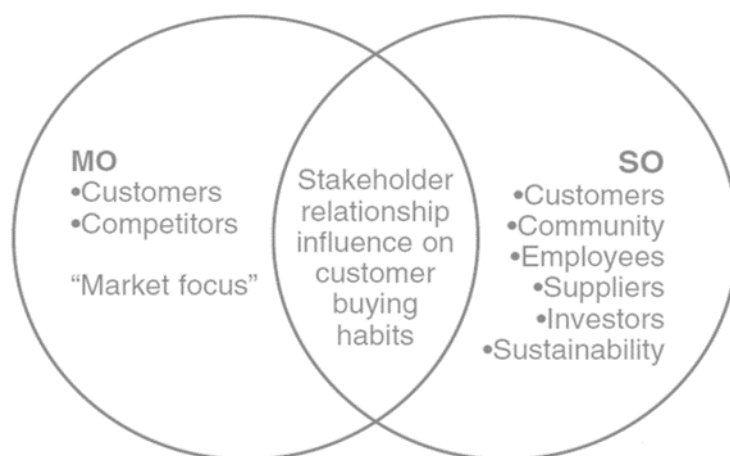


Figure 1.1. Market orientation and stakeholder orientation (Ferrell et al. 2010)

Hult et al. (2011) categorized various stakeholders into two groups: primary stakeholders and secondary stakeholders. Primary stakeholders include customers, employees, suppliers, shareholders and regulators. They are the groups which the firm directly depends on for its survival and prosperity. Secondary stakeholders mainly consist of competitors, the mass media, social media, trade associations, and special interest groups. Unlike primary stakeholders, secondary stakeholders do not have contractual relationships with the firm nor exercise any legal authority over the firm (Easley and Lenox 2006). However, sometimes they have more impact on the firm than some of the primary stakeholders. Competitors can be the example of a very influential

secondary stakeholder group. A firm has to take into consideration what the competitors are doing when planning business activities. Also, competitors are an important focus of a market orientation (Narver and Slater 1990).

The movement: from inward-looking to outward-looking, from narrow to holistic, from transaction to relationship

To sum up, the four stages of marketing evolution, namely, a production orientation stage, a sales orientation stage, a customer/market orientation stage, and a stakeholder orientation stage, depict the shift of business focus, from inward-looking to outward-looking, from narrow to more holistic. It reflects changes in firms' approach to marketing, which are also referred to as the marketing sophistication in this study. **In this research, the term “marketing sophistication” is used to characterize how marketing is understood and implemented in a firm.** A market orientation and a stakeholder orientation represent a higher level of marketing sophistication while a production orientation represents a lower level of marketing sophistication. It should be noted that the evolution of marketing sophistication is not exactly linear. A customer/market-oriented company can pick up a production orientation or a sales orientation again for a while when the economy is good and demand is high (Tadajewski 2009). Also, the development from transactional and relationship marketing is another important part of the evolution of marketing sophistication.

Market orientation, organizational characteristics and firm performance

Among the four stages of marketing sophistication, production orientation and sales orientation may be obsolete and ineffective (Lear 1963). As an emerging concept, stakeholder orientation is relatively new and the research on it is still mostly at the conceptual stage. While production orientation and sales orientation are considered as “the past” and stakeholder orientation is considered as “the future” of marketing sophistication, market orientation represents its “present”. Extensive research effort has been devoted to market orientation since the 1990s (Liao et al. 2011). Most of this stream of research

concentrates on making connections among market orientation, other organizational characteristics and firm performance (Morgan and Vorhies 2009, Narver and Slater 1990). Altogether, the studies during the last two decades or so demonstrate the essential role of market orientation in firms and businesses.

Liao et al. (2011) cite a total of 38 articles examining the relationship between market orientation and firm performance. Among them, thirty-six articles found a significant positive relationship, although early authors maintained that this relationship was not “conclusive” (Greenley 1995; Diamantopoulos and Hart 1993). Also, twenty of these 36 articles confirm a direct relationship between market orientation and performance, while eighteen of them include the examination of moderators and mediators in this relationship. These moderators and mediators include market environment variables, such as competitive environment and market dynamism, and firm characteristics, such as innovativeness and learning orientation (Appiah-Adu 1998; Han et al. 1998; Slater and Narver 1994). By including these moderators and mediators, the discussion moves from establishing the relationship between market orientation and performance to the next level, which is investigating when and how a market orientation impacts performance. These studies together provide abundant and strong evidence of a positive market orientation-firm performance relationship.

Meanwhile, market orientation is frequently associated with a variety of firm characteristics, in the studies mentioned above as well as by other authors. Market orientation is considered to promote innovativeness and entrepreneurial orientation, which are firm cultures associated with creativity (Liao et al. 2011; Qui 2008; Zahra 2008; Tajeddini et al. 2006; Vazquez et al. 2002; Hurley and Hult 1998; Jaworski & Kohli 1996; Slater and Narver 1994). Also, market orientation is suggested to be closely related with organization learning in a number of ways and to work synergistically with learning

orientation to generate competitive advantage (Baker and Sinkula 2007; Sinkula et al. 1997). In addition, market orientation is likely to be related with corporate social responsibility, considering increasing societal expectations of firm responsibilities and the outward-looking nature of market orientation and its broadened form, stakeholder orientation (Meignan and Ferrell 2004).

Marketing sophistication in the forest products manufacturing industry

Traditionally, the forest products manufacturing industry has been production- and sales- oriented (Hansen 2005). This is especially true for sawmilling companies. As stated by Rich (1970), a good supply of raw material and efficient processing operation that turns the raw material to commodities constituted the key to success for lumber mills. Continuing technology advancement improved both production efficiency and cost reduction. Firms focused on what they were most efficient at producing, by narrowing their product ranges and increasing production proficiencies (Cohen and Kozak 2002). Management attention was almost entirely on keeping the production capacity in full and letting the sales worry about how to move the products (Rich 1970). It was the customers' responsibility to work with the commodities they bought into the desired final form to use. Marketing functions simply included activities such as commodity description, price reporting, negotiations, and transportation and storage (Duerr 1960). These activities were normally in control and performed by various intermediaries, instead of the producers. With this limited view of marketing, producers considered the trade structure as the market. Also, they viewed the end user needs and wants as the problem of the middlemen which was of "no particular concern to the manufacturer" (Rich 1970).

Production- and sales- oriented marketing was sufficient for the early forest products industry with low-cost yet plentiful raw material supply, high demand and limited competition. Therefore, as noted by Sinclair (1992), the U.S.

lumber industry during the early years was “blessed”. However, changes occurred and such blessing could not last forever. Firstly, the advent of new transporting and new processing technologies made it easier, faster and cheaper to transport products across the country and even around the globe. While a problem before due to high expenses, transportation was then no longer the hurdle for companies to go out and compete with others that were some distance away. The world became flat, competition therefore intensified, and has continued. Also, as discussed earlier in this section, the change of marketing sophistication is mostly associated with general socioeconomic context. This is also true for the forest products manufacturing industry. The U.S. economy and housing market fluctuated up and down before and after World War II, in the 1970s and 1980s and afterwards till today. During the economic downturns, markets would no longer absorb all that could be produced from the industry with well-established production efficiencies. In addition, other factors such as threat of new and nonwood products, the emergence of new customer groups, changing distribution patterns and increase environmental awareness among customers also contributed to the changes of the marketplace (Cohen and Kozak 2002).

All of these changes combined to force the forest products manufacturing industry to start adopting a more sophisticated marketing approach, by focusing more on customers. Instead of blindly providing large volumes of cheap commodities, companies started to consider customer needs and customer satisfaction when conducting business activities (Hansen and Juslin 2005). Also, companies could not anymore make what they saw fit. Again, they needed to interact with customers to find out their specific needs and adapt the products and services accordingly (Cohen and Kozak 2002).

In the forest products marketing literature, there is an overall trend showing a shift in focus from cost and production to customer needs. Rich (1986) compared the strategies followed by the major U.S. forest products

companies between the two periods of 1976-1979 and 1986, and found there was a shift from a cost leadership strategy to a differentiation and/or focus strategy in order to satisfy different customer needs in each market segment. Also, marketing activities such as business research and product/market planning were found to be of increased importance (Rich 1986). Similarly, Bush and Sinclair (1991) examined the competitive strategies in the U.S. hardwood lumber industry and found the largest companies in the industry shifting towards differentiation strategies. Specifically, these large companies tried to differentiate their products through proprietary grading, branding, customer service and promotional efforts. The work conducted by Idassi et al. (1994) also focused on the hardwood lumber industry and provided evidence that a traditional product-oriented marketing is no longer sufficient to achieve customer satisfaction. Instead, a customer-oriented marketing approach is essential to provide maximum customer value. In a different context, Hugosson and McCluskey (2009) concentrating on marketing competencies of Swedish sawmilling firms, found that superior customer service and good customer relationship provided these sawmills with competitive advantages.

Toppinen et al. (2013) outline the four stages of the forest industry: forestry orientation, production orientation, market orientation and sustainability and increased stakeholder-orientation. This industry evolution suggests that the forest industry becomes more demand-focused instead of supply-focused, and more outward-looking instead of inward-looking. Marketing is also required to adapt itself on the same path. Within the context of U.S. forest industry, Narver and Slater (1990) and Hansen and Dibrell (2006) suggest that an outward-looking market orientation is found to be positively associated with firm profitability and performance. The research effort addressing marketing in the forest sector from a stakeholder perspective is scarce. However, there are plenty of studies concentrating on corporate social responsibility that emphasize the importance of various stakeholders in the forest sector (Toppinen and Korhonen 2013, Vidal and Kozak 2008a, Panwar and Hansen 2007).

However, confusion still exists. Despite the evidence presented above that forest products companies are moving towards a more sophisticated marketing approach, the study conducted by Hansen (2006) shows that marketing in forest industry companies is not well-integrated into practices such as new product development. Moreover, Rich (1986) identified “stuck in the middle” companies in his study of strategy shift in the major U.S. forest products companies between the two periods of 1976-1979 and 1986. These companies were implementing at the same time multiple marketing strategies that in theory are not compatible with each other in the same organization (Porter 1980). Later on, Hansen et al. (2002) studied marketing strategies of softwood sawmills in Western North America and found the “stuck in the middle” problem to be evident. In addition, there is no systematic examination of the current status of marketing sophistication. It is important for researchers as well as managers to more fully understand the true marketing sophistication of forest products industry companies. This can be an important means for the industry to achieve sustained competitive advantage (Barney 1991, Wernerfelt 1984).

The dimensions of marketing

In a hierarchical firm, marketing sophistication can and should be considered as a complex phenomenon with multiple layers. A firm's marketing sophistication is executed in different forms and is reflected on different levels in the firm structure. Based on Webster (1992), marketing sophistication can be viewed from three distinct dimensions - culture, strategies and tactics - across functional levels within a large and hierarchical firm. At the corporate level, marketing is usually viewed as a culture, a set of values and beliefs providing guidance to the whole organization; for each business unit, marketing is approached as strategy formulation focused on market segmentation, product development and so on in order to make the company successful in each of its business units; when boiled down to the operating

level, marketing becomes very specific practices and everyday activities (Webster 1992). In the context of the forest products industry, Hansen and Juslin (2011) suggest that marketing structures is another important dimension of marketing. Marketing structures, which include marketing organization, marketing channels and information systems, facilitate the planning and implementation of marketing.

From culture, to strategies and then to structures and tactics, marketing moves from abstract thinking and philosophies to solid implementations. Also, marketing at each hierarchical level is developed based on its preceding level so that all three dimensions of marketing are consistent with each other (Webster 1992). That said, the marketing strategy of a corporation is determined by its marketing culture, and the marketing tactics are developed to serve the marketing strategies and marketing culture. Changes occurring on a higher level marketing dimension should lead to alterations or transformations on lower level marketing dimensions (Webster 1992). However, for smaller companies that do not have so many management layers, different dimensions of marketing can occur at the same functional level. In addition, marketing structures are determined by marketing strategies implemented and also have impact on the execution of marketing strategies and marketing tactics (Hansen and Juslin 2011). When looking at marketing sophistication in an organization, it is important to include these different pieces in order to grasp the full picture of the nature of marketing in an organization.

Structure of the dissertation

This study is built on the relationships and components discussed in the previous sections, which are illustrated in the theoretical framework below (Figure 1.2). It should be noted that only one of the relationships (indicated by the solid arrow) and four of the components (surrounded by solid lines) in

Figure 1.2 are addressed in this study. The others (indicated in dotted arrows and surrounded by dotted lines) are provided as the theoretical background and the broad context (e.g., socioeconomic environment & technology) of the study. The marketing entity in an organization, as part of marketing structures, is discussed in Chapter 4 while investigating the role of marketing in the companies. However, marketing structures are not completely addressed in this study as a dimension of marketing.

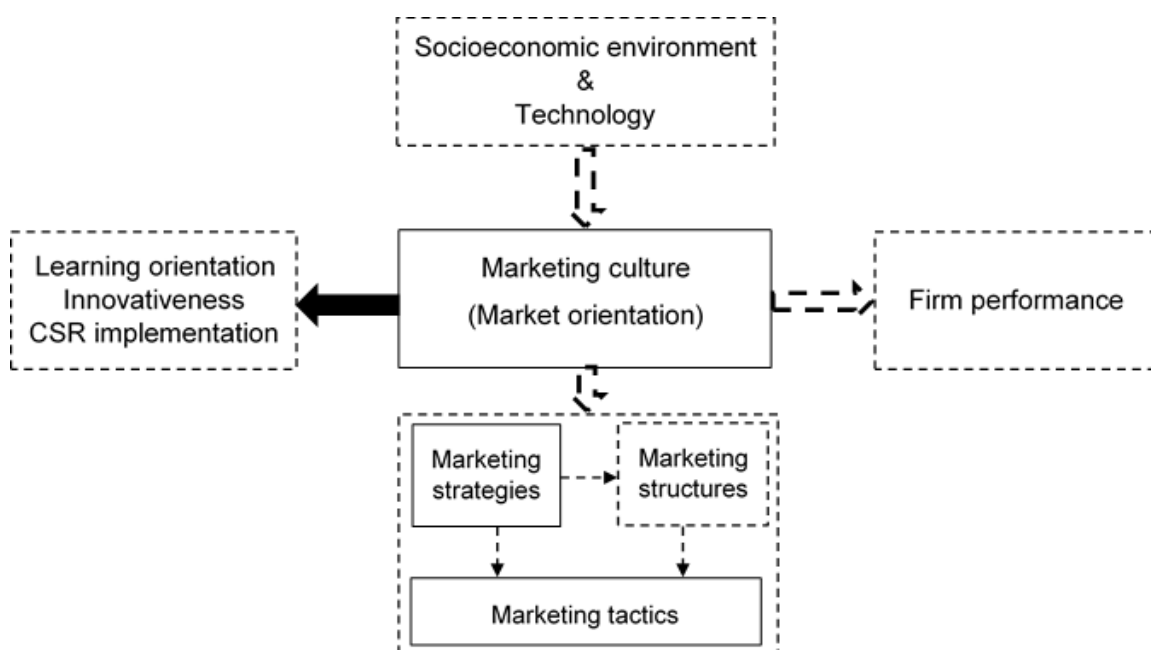


Figure 1.2. The theoretical framework of the research

Specifically, this dissertation adopts a manuscript format and consists of three chapters.

Chapter 2, titled “Connecting market orientation, learning orientation and corporate social responsibility implementation: is innovativeness a mediator?” assesses the relationship between market orientation, innovativeness and other firm characteristics and how they are related to corporate social responsibility implementation, which is also considered a type of business

system innovation and has a strong concentration on stakeholders. The results of this study show that market orientation is positively related with other firm cultures including learning orientation and innovativeness. It is also positively associated with corporate social responsibility implementation. Such findings indicate that a market-oriented culture plays an important role in a firm by supporting other company cultures and practices that are related to firm performance. Also, the connection between a market orientation and corporate social responsibility implementation could potentially signal that a market orientation is affiliated with a stakeholder orientation. This manuscript was published in the *Scandinavian Journal of Forest Research* in January, 2014.

Considering the findings and their indications from Chapter 2, Chapter 3, titled “The evolution of marketing sophistication: an examination of marketing culture and marketing strategies in the private U.S. sawmilling companies” examines marketing sophistication in the context of U.S. private sawmills by using a case study approach, with marketing sophistication being the studied “case”. Specifically, it looks at current marketing culture and strategy in the target firms, how marketing has evolved and the potential impact of recession on marketing. In general, the studied companies did not have a holistic understanding of marketing. Managers tended to think of marketing as practices and ignored its cultural and strategic aspects. The findings suggest that although a production/sales orientation was still dominant, many of the studied companies started to pursue a market-oriented approach. This confirms what has been found earlier in the literature, that there is a shift from a production orientation to a market orientation in the studied companies – a sign of increased marketing sophistication. An emergence of a stakeholder orientation is also identified from the data, which echoes the notion advocated in the general marketing literature that a market orientation could be broadened to a stakeholder orientation. Also, it supports the speculation from Chapter 2 that a market orientation is affiliated with a stakeholder orientation.

Under the big umbrella of marketing sophistication, marketing culture and strategy can be thought of as the “thinking” and “planning” part of marketing, which represents marketing sophistication on a higher level, while marketing activities and practices can be considered as the “doing” part of marketing, which represent the phenomenon on a lower level. Both forest products marketing and general marketing literature maintain that higher level of marketing will determine, or at least, has impact on lower level of marketing practices (Hansen and Juslin 2005, Webster 1992). Building on Chapter 3 which looks at marketing sophistication on a higher level, Chapter 4 with the title “The role of marketing in the private U.S. sawmilling companies”, focuses on on-the-ground marketing operations and activities. It also examines the role of the marketing function within a firm especially regarding its relationship with sales. The findings indicate underdeveloped thoughts on the organization and implementation of marketing. Most studied companies did not have an integrated marketing department but a sales department. Also, among the six groups of marketing activities identified, *selling* was very much emphasized although some other activities were also mentioned including customer support, market information management, product development and pricing. The results echo what is found in Chapter 3 that a production/sales orientation played a dominant role in these companies, while there was an emergence of a customer/market orientation.

Although each of the three sections has its own specific focus of study, they are brought together by the original notion that a shift is occurring towards a market orientation in the forest products manufacturing industry. Despite whether this shift is a temporary change that the companies were forced to make due to the recession, it can be an important business system innovation, serving as a source of competitive advantage that is essential to the survival and prosperity of the industry in a changing market environment.

Overall, this research helps fill the knowledge gap in the context of forest products industry by assessing the connection between a market orientation and other firm characteristics (Chapter 2), examining marketing culture and marketing strategy (Chapter 3) and marketing practices (Chapter 4). It provides supporting evidence of the importance of a market-oriented culture in a company (Chapter 2), examines the current marketing sophistication in the forest products companies (Chapter 3 & 4) and makes suggestions on how the industry may improve. Also, this research contributes to the field of forest products marketing with in-depth and up-to-date knowledge of the nature of marketing in forest products companies. It advances the understanding of the marketing sophistication evolution in the context of the forest products industry. Additionally, it provides the foundation for further investigations in an otherwise understudied field.

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CHAPTER 2 – CONNECTING MARKET ORIENTATION, LEARNING
ORIENTATION AND CORPORATE SOCIAL RESPONSIBILITY
IMPLEMENTATION: IS INNOVATIVENESS A MEDIATOR?

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Published in Scandinavian Journal of Forest Research
October 2013
28(8):784-796

Abstract

Corporate social responsibility (CSR) has been a topic of interest to both practitioners and researchers in the forest products sector. However, the existing literature falls short of examining the connections between CSR implementation and firm cultures, a key link to further our understanding for CSR implementation. This current study investigates the relationship between firm cultures and CSR implementation in the global forest, paper & packaging industry companies. Specifically, we propose firm cultures, including market orientation, learning orientation and innovativeness potentially support CSR implementation. Also, innovativeness is proposed to mediate the market orientation-CSR and learning orientation-CSR relationships. Data is collected through a mail survey from the Top 100 global forest, paper & packaging industry companies, identified by PricewaterhouseCoopers (PWC) in its 2008 Global Forest, Paper & Packaging Industry Survey. Results confirm the hypothesized relationships between market orientation and CSR and learning orientation and CSR. However, the proposed mediating effect of innovativeness is not significant.

KEY WORDS: MARKET ORIENTATION, LEARNING ORIENTATION, CSR IMPLEMENTATION, INNOVATIVENESS

Introduction

As large global companies expand to become increasingly powerful, they are also being held increasingly responsible for a great many environmental and social issues. Not surprisingly, therefore, companies are increasingly expected to redefine and re-align their relationships with the larger society and the environment (Wettstein 2010) by embracing corporate social responsibility (CSR). CSR has, therefore, emerged as a leading issue in business with the majority of the companies ranked as the Global Top Companies for Leaders reporting that CSR is a significant component of their corporate brand (Aon Hewitt 2009a, 2009b, 2009c; Hewitt Associates 2007; Cramer 2004). CSR implementation can provide firms with intangible

resources that can increase their competitiveness through enhanced image, reputation, etc. (Vilanova et al. 2009; Barney 1991). Additional CSR benefits may include customer patronage, employee attractiveness, and buffer against future risks to companies (Payne 2006). Therefore, firms are advised to follow, even anticipate, changing societal expectations and accordingly adapt their behavior and activities.

CSR is even more relevant for forest sector companies because forests have a special place in society and therefore draw high attention with respect to their preservation and utilization (Panwar et al. 2010). In addition to increasing societal expectations regarding sustainable use of forests, globalization and consolidation in the forest sector have further pressed the need for CSR implementation in the forest products industry globally. Several previous studies conceptually and empirically argue for the need to implement CSR in the forest sector (Han & Hansen 2012; Panwar et al. 2012; Li et al. 2011; Vidal & Kozak 2010; Vidal & Kozak 2008a, 2008b). These various studies provide important insights into CSR evolution in the forest sector, CSR diffusion in forest products companies, CSR issues identification and evaluation and CSR reporting. However, existing forest sector focused literature falls short of examining how CSR implementation in the forest sector is related with key organizational level variables such as organizational culture.

This study attempts to fill the gap in the literature by specifically focusing on examining the relationship between CSR implementation and three organizational cultures, namely, market orientation, learning orientation and innovativeness. Both market orientation and learning orientation are considered important organizational cultures positively associated with firm financial performance. Therefore, it is important to examine if they are also tied with CSR implementation. Previous research (e.g. Hult et al. 2004) suggests that market orientation and learning orientation are two antecedents

of organizational innovativeness. Also, because organizational innovativeness is tied with CSR as well (Preuss 2011), we also examine whether market orientation-CSR and learning orientation-CSR relationships are mediated by organizational innovativeness. Data were collected through a mail survey from the Top 100 global forest, paper & packaging industry companies, identified by PricewaterhouseCoopers (PWC) in its 2008 Global Forest, Paper & Packaging Industry Survey.

CSR and the global forest sector

In one of the earliest attempts to define CSR, Bowen (1953, p.6) suggests that CSR refers to “an obligation to pursue those policies, to make those decisions, or to follow those lines of action that are desirable in terms of the objectives and values of our society”. Succeeding literature has predominantly focused on conceptualizing and explaining the various components of CSR and CSR implementation (e.g., Carroll 1991; Wood 1991; Epstein 1987; Carroll 1979).

While CSR is defined in numerous ways, one of the shared underpinnings is that CSR entails companies doing the “right” thing by going beyond mere profit-focus and legal compliance (Carroll 2004; Carroll 1979; Davis 1967; McGuire 1963). Carroll (1979) offers in his “CSR pyramid” the first comprehensive typology outlining a company’s various responsibilities. His CSR pyramid consists of four responsibilities, viz., economic, legal, ethical and philanthropic. Economic responsibilities form the bottom of the “pyramid” and represent the most basic and essential responsibilities of business, while the philanthropic responsibilities form the top because these are discretionary in nature and necessitate businesses to be proactive. Firms following Carroll’s approach would view and implement CSR as a set of activities that fit in these four categories.

More recently, CSR has been tied with sustainable development. One such notable operationalization is offered by Elkington (1997) through the “Triple bottom line” concept, also known as a “3P” (people, planet, profit) approach. Many studies have adopted this view and thus CSR is often conceptualized as having economic, environmental and social dimensions (Niskala & Tarna 2003; Elkington 1997). This view of CSR emphasizes that companies voluntarily integrate social and environmental considerations in their business operations. Firms following the “Triple bottom line” approach would view and implement CSR as an integration of economic, social and environmental goals.

A stakeholder approach is another important proposal shaping CSR conceptualization (Freeman 2004; Marrewijk 2003; Quazi & O’Brien, 2000; Carroll 1991; Freeman & Reed 1983). In contrast with the shareholder-centric approach, the stakeholder approach suggests that a business must be responsible to not only its owners (shareholders) but also to various individuals and organizations that it can affect or can be affected by. Thus, stakeholders of a business may consist of employees, customers, business partners, and relevant government and non-governmental organizations (Hansen & Juslin 2011; Freeman 1984). Firms following the stakeholder approach would view and implement CSR as a set of activities being conducted to satisfy the needs of their various stakeholders.

CSR implementation depends on how CSR is interpreted by the organization. In the forest sector, CSR implementation has predominantly been conceptualized using the “3P” model but the focus has largely remained on the environmental domain (Brearton et al. 2005). According to Hansen and Juslin (2011), an evolving set of major concerns within the environmental dimension includes emissions to water and air (during 1970s), recycling (during mid-1980s), chlorine bleaching (during late 1980s), forestry and forest management (during early 1990s), forest certification (during mid-1990s), and

the forests and global climate change and bio-diversity (on- going). A relative neglect of the social dimension of CSR is understandable because of the environment-sensitive nature of forest sector operations (Brearton et al. 2005).

Recent studies documenting CSR implementation and practices in the forest sector, however, indicate a trend towards a more holistic approach to CSR (Vidal & Kozak, 2008a; Panwar et al. 2006), wherein forest sector companies are beginning to place increased importance on the social dimension of CSR. Vidal and Kozak (2008a) note this movement in CSR practices of forest products companies and find that many companies have started to explore the social dimension of CSR, rather than narrowly focusing on the environmental dimension. In the studies following Vidal and Kozak's work, Panwar and Hansen (2009), Stites and Michael (2011), and Panwar et al. (In Press) also include social issues in their CSR operationalization. This evolving and more holistic approach has helped CSR become even more relevant for forest products companies at a time of increasing multi-stakeholder pressure. The following sub-section outlines how CSR is tied to marketplace changes and how more market oriented companies in the forest products companies may lead CSR implementation to produce win-win outcomes both for them and the larger society (Lindgreen et al. 2009)

Market orientation and CSR implementation

Originating in the marketing literature, market orientation has become a topic of interest to both marketing and management scholars. In simple terms, market orientation refers to a company's culture to align to its customers' and marketplace needs. Specific conceptualizations of market orientation, however, are more complex and revealing.

Narver and Slater (1990) and Kohli and Jaworski (1990) represent the two well-known "camps" of market orientation conceptualizations. Narver and

Slater (1990) consider market orientation as an organizational culture while from a different point of view, Kohli and Jaworski (1990) take an activity-approach and consider market orientation as a behavioral process. According to Narver and Slater (1990), market orientation consists of customer orientation, competitor orientation, and interfunctional coordination. Customer orientation and competitor orientation direct all the activities associated with market information acquisition and analysis, whereas interfunctional coordination helps an organization process market information, through information dissemination and coordinated working efforts (Narver & Slater 1990). Kohli and Jaworski (1990), on the other hand, suggest that market orientation is a three-step organization-wide behavioral framework, which includes market intelligence generation, dissemination and responsiveness. Thus, according to this behavioral view, a market oriented organization first generates market intelligence, then disseminates it to all the departments through both formal and informal channels, and then acts on this newly generated intelligence (Kohli & Jaworski 1990).

Following the Narver and Slater conceptualization, a great many recent studies have viewed market orientation as an organizational culture (Hansen et al. 2006; Baker & Sinkula 1999; Han et al. 1998; Hurley & Hunt 1998; Hunt & Morgan 1995). As a culture, a market orientation which is externally focused on customers can have an inherently positive relationship with CSR implementation (Maignan & Ferrell 2004). In recent decades, society has given increased attention to CSR and societal expectation for companies to operate in a responsible manner is higher than ever. There is a growing consumer segment that especially prefers companies having positive reputation for being socially responsible. Much has been written at the intersection of consumer behavior and company's CSR practices (e.g., Porter 2006) and it can safely be concluded that CSR may be a useful tool for companies to retain and even expand their consumer base. In the forest products sector specifically, this consumer-driven pull occurs through the

supply chain. Some forest products retailers prefer to buy only from manufacturers having sound social and environmental standards.

Additionally, companies implement CSR as an earnest effort for good, a strategic move for better business, a response to social demands, or a combination of these three factors (Hewitt Associates 2007). Given the environmentally and socially sensitive nature of forest products companies, CSR implementation constitutes an especially important integrative part of marketing practices and is suggested to contribute to company competitiveness (Porter 2006; Maignan & Ferrell 2004). Finally, because successful CSR implementation requires an organization-wide commitment, companies with strong interfunctional coordination can be in a better position to implement CSR. Therefore we hypothesize:

Hypothesis 1(a): There is a positive relationship between a market orientation and CSR.

Learning orientation and CSR implementation

Learning orientation refers to “organization-wide activity of creating and using knowledge to enhance competitive advantage” (Calantone et al. 2002). It is also considered as an organizational culture that influences the propensity of a firm to create and use knowledge, and has an impact on the degree of an organization using information and active learning (Farrell 1999; Hurley & Hult 1998; Dixon 1992). There are four components associated with learning orientation: commitment to learning, shared vision, open-mindedness and intraorganizational knowledge sharing (Calantone et al. 2002; Moorman & Miner 1998).

In a learning-oriented organization, commitment to learning and open-mindedness influence the intensity of learning while shared vision influences the direction of learning (Sinkula et al. 1997). Verona (1999) maintains that learning in an organization could be meaningless without a shared vision because an organization tends to have multiple “thought worlds” and new ideas might never come true without a common direction (Dougherty 1989). Also, great ideas may be interpreted differently due to diverse interests in an organization (Calantone et al. 2002). Similar to market orientation, learning orientation also involves information sharing, which starts from individual knowledge learning and is referred to as intraorganizational knowledge sharing. Intraorganizational knowledge sharing can facilitate effective organizational knowledge accumulation which prevents knowledge loss caused by employee turnover and transfer (Calantone et al. 2002; Moorman & Miner 1994).

The previously mentioned growing importance of CSR implementation aligns with what a learning-oriented organization would pursue. All four components of learning orientation are likely to relate to CSR implementation in different ways. According to Votaw (1972), CSR means “something, but not always the same thing to everybody”. The understanding of CSR evolves over time and varies in different contexts (Vidal & Kozak 2008a). Commitment to learning will enable organizations to continuously obtain and interpret the meaning of CSR in the context of their business. Similarly, an open-minded culture in an organization would enable an organization to engage in CSR implementation since it is likely to involve activities that are not traditionally part of most business operations. Shared vision plays an important role for CSR implementation in the decision process regarding what will actually be implemented. Companies normally have different priorities when implementing CSR due to their contexts and availability of financial resources (Vidal & Kozak 2008a). Without a shared vision, it will be difficult for an organization to determine what part of CSR implementation ought to be prioritized to achieve what goal. Similar to the interfunctional coordination

component of market orientation, intra-organizational knowledge sharing is critical for it ensures the diversity and comprehensiveness of input coming from different functional areas that contributes to successful CSR implementation. Therefore, we hypothesize that a learning orientation is positively related with CSR implementation.

Hypothesis 1(b): There is a positive relationship between a learning orientation and CSR implementation.

The mediating role of innovativeness

Innovativeness

The term innovativeness can refer to products/services as well as individuals or organizations. For example, Ali (2000) refers to innovativeness as the degree of “newness” of a product. Rogers (1995) considers it as the degree to which an individual or organization adopts new ideas earlier than others (Rogers 1995).

This research follows the cultural perspective of innovativeness, which is suggested and embraced by a broad range of authors (Björkdahl & Börjesson 2011; Hansen et al. 2011; Tajeddini et al. 2006; Crespell et al. 2006; Calantone et al. 2002; Hurley & Hult 1998). As an organizational culture, innovativeness is a measure of the organization’s orientation towards innovation. In other words, organizational innovativeness reflects whether or not members of an organization are willing to accept an innovation rather than being resistant to it (Hult et al. 2004; Hurley & Hult 1998). Here an innovation can be a new product, process, technology, business system, business model, service, or marketing strategy (Björkdahl & Börjesson 2011; Damanpour 1991). A common categorization of innovation in forest sector research is product, process and business systems (Hovgaard & Hansen 2004). Each of these categories also covers a wide range of activities from

making a small modification or an improvement in what the organization currently has (product, process, and business systems) to applying a fundamental change that is completely different and new to the company. An improvement or a change is considered an innovation to the company, even if it is already adopted by other companies or industries. The key of an innovation is that it must be new or involve significant change to the current condition of the adopting company. The willingness to accept and make these changes constitutes the innovativeness culture of an organization (Hult et al. 2004; Hurley & Hult 1998).

Innovativeness, market orientation, learning orientation and CSR

Innovativeness is considered to be one outcome of market orientation (Liao et al. 2011; Tajeddini et al. 2006; Vazquez et al. 2001; Hurley & Hult 1998; Jaworski & Kohli 1996; Slater & Narver 1995). Jaworski and Kohli (1993) suggest that “a market orientation essentially involves doing something new or different in response to market conditions. It may be viewed as a form of innovative behavior.” Also, Tajeddini et al. (2006) examine market orientation and innovativeness in the Swiss watch industry and find a significant positive relationship (Tajeddini et al. 2006).

Meanwhile, learning orientation is also suggested to be an antecedent that possibly generates innovativeness. Calantone et al. (2002) suggest that learning orientation contributes to innovativeness from three aspects. First, a learning-oriented firm is more likely to be committed to obtaining new knowledge and state-of-the-art technology and using them in innovations; second a learning-oriented firm is more likely to capture the trends and opportunities in the market; third a learning-oriented firm closely monitors competitors and learns from their successes as well as from their failures.

As an organizational culture, innovativeness is assumed to have an impact on CSR implementation. As more companies seek to make CSR a tool for

competitiveness, they strive to differentiate their CSR implementation from competitors. Pursuit of innovativeness in CSR implementation aligns better with the philosophy of those companies that are more innovative, and likely leads to higher levels of CSR implementation.

Preuss (2011) brings up the idea of “Innovative CSR”, and explicates the benefits of implementing CSR from the angle of innovation. He suggests that “Innovative CSR” brings a wider conceptualization of benefits that can be obtained at firm, industry and society levels, other than just tangible, economic benefits. In a similar vein, Midttun (2007) asserts that innovativeness provides a supportive atmosphere for CSR implementation. Considering the connections that innovativeness has with market orientation, learning orientation and CSR implementation, the following hypotheses are proposed.

Hypothesis 2(a): Innovativeness mediates the positive relationship between market orientation and CSR implementation

Hypothesis 2(b): Innovativeness mediates the positive relationship between learning orientation and CSR implementation

Materials and Methods

Sample

Our sample consisted of the top 100 global forest, paper & packaging industry companies, identified by PricewaterhouseCoopers (PWC) in its 2008 Global Forest, Paper & Packaging Industry Survey. The sample included companies from countries across the world, although dominated by European and North American companies. Considering the nature of the questions included in the study, the CEO, marketing executive and CSR executive of each company were selected as potential respondents and received an identical

questionnaire. In cases where companies did not have exact positions that we selected, we chose to send the questionnaires to the persons who were expected to have the best knowledge to answer the questions. Potential respondents were identified through various channels including company websites, industry professionals and telephone inquiries. In total, 299 individuals in the top 100 global forest, paper & packaging industry companies were initially sampled, while 23 of them were removed in the end because of incorrect addresses. We received 87 total responses representing 58 of the 100 companies. (31.5% adjusted response rate).

Measures

The questionnaire was developed mainly based on four sets of items. The measures for market orientation, learning orientation and innovativeness were adapted from previously developed and well-accepted scales. For market orientation, we adopted the 8-item market orientation scale developed by Farrell and Oczkowski (1997), which is derived from the original Narver and Slater's (1990) work. Learning orientation was measured on a 17-item scale developed by Calantone et al. (2002). Innovativeness was measured on a 5-item scale adopted from earlier research of Tajeddini et al. (2006) (Appendix A).

Since there was no measure of CSR implementation in the existing literature that could appropriately suit the context of the current study, CSR implementation was assessed using 14 CSR activity items based on Han and Hansen (2012). Through an extensive content analysis of the sustainability and CSR reports of the top 100 global forest, paper & packaging industry companies, Han and Hansen (2012) identified 31 items in seven categories that these companies pursued. For the purpose of the current study, we took the most frequently implemented CSR activity and the least frequently implemented CSR activity in each of the seven categories and developed a 14-item list to measure CSR implementation (Appendix A).

Survey implementation

The questionnaire was pre-tested on a convenience sample of five individuals, including both researchers and industry professionals. Minimal changes were required based on their feedback. Considering the regional constitution of the study population, the questionnaire was translated from the original English version into Chinese, Japanese, Spanish and Portuguese. During the questionnaire translation process, two individuals fluent in both English and the target language were consulted for each language version. Also, the translated questionnaire in each foreign language was pre-tested on a native person of the language, who was also fluent in English. Again, minor changes were made based on the feedback received.

The questionnaires were mailed using USPS Priority Mail Small Flat Rate Box service. A small gift incentive consisting of a golf ball and tees was included in the mailing to respondents. In total, 299 questionnaires mailed to individuals located in six regions of the world, including Europe, North America, Asia, Latin America, Africa and Oceania. The questionnaire of each language version was also posted on an online survey website. The web link was provided in a cover letter accompanying the questionnaire. Only one mailing was conducted. However, follow-up phone calls were conducted starting from three weeks after the questionnaires were sent.

Data analysis

The items in each construct were aggregated to a composite variable and used to perform statistical analysis. The marketing orientation, learning orientation and innovativeness scales are well-accepted in the literature and used in their original form. In terms of the newly developed measure of CSR implementation, we firstly took the mean of the items in each of the seven categories and then calculated the overall mean of the seven categories. This final average was used in the statistical analysis as the value for CSR implementation. It should be noted that the data was treated as interval level data during data analysis, although it was actual collected on an ordinal level.

However, this is quite common in social science research (Borgatta & Bohrnstedt 1980).

A reliability test was conducted to examine the internal consistency of the items used in this study to measure market orientation, learning orientation, innovativeness and CSR implementation (Table 2.1). A Cronbach's alpha coefficient ≥ 0.65 implies that the items measuring the same concept and can be combined into an index (Cortina 1993). Deleting any items did not show significant improvement of reliability. Thus, all of the survey items were kept for further statistical analysis.

Table 2.1. Reliability analysis of the items used to measure market orientation, learning orientation, CSR and innovativeness

Construct	Number of items	Cronback's α
Market orientation	8	0.83
Learning orientation	17	0.88
CSR	14	0.86
Innovativeness	5	0.79

Non-response bias was tested by comparing the 2007 annual sales value between nonrespondents and respondents. According to Armstrong and Overton (1977), one way to access non-response bias is to compare socioeconomic characteristics between respondents and nonrespondents. Annual sales were considered an important socioeconomic characteristic of a company and thus were used to test the non-response bias. No significant difference was found between respondents and nonrespondents in terms of their 2007 annual sales. Thus, the non-response bias can be considered negligible.

A one-way ANOVA test was applied to assess whether or not there were significant differences among CEOs, market executives and CSR executives regarding their responses to survey items. Because we found no evidence to suggest differences, company means of each survey item were therefore calculated and used to test hypotheses. A correlation matrix followed by a linear regression was employed to assess the hypothesized relationships. The mediation effect was tested using the method suggested by Baron and Kenny (1986).

Results

The correlations among market orientation, learning orientation, innovativeness and CSR implementation are presented below in Table 2.2. Based on the values presented in Table 2.2, most of the variables exhibit significant relationship with the others ($p < 0.05$). Although CSR and innovativeness exhibited a weak relationship ($p = 0.06$), we still tested the relationship as proposed in the hypothesis.

Table 2.2. Correlation matrix of the variables tested

	Market orientation	Learning orientation	Innovativeness
Market orientation			
Learning orientation	.58**		
Innovativeness	.43**	0.61**	
CSR	.43**	0.40**	0.20

Cell entries are Pearson correlations

** $P < 0.01$

CSR: CSR implementation

Market orientation, learning orientation and CSR implementation

Table 2.3 presents the relationships between market orientation and CSR implementation as well as between learning orientation and CSR implementation. A significant relationship between market orientation and CSR implementation is identified (Coefficient=0.38; $p < 0.05$). Also, learning

orientation is significantly associated with CSR implementation (Coefficient=0.38; $p<0.05$). Thus, H1 (a) and H1 (b) are supported.

Table 2.3. Regression analysis: MO-CSR and LO-CSR

Independent variable	Dependent variable: CSR				
	B	SE	Beta	p-value	R ²
MO-CSR					
MO	0.38	0.11	0.43	<0.001	0.19
LO-CSR					
MO	0.38	0.12	0.40	<0.001	0.16

MO: market orientation; LO: learning orientation; CSR: CSR implementation

The mediation effect of innovativeness

Table 2.4 presents the results of mediation analysis of innovativeness as a mediator in the market orientation-CSR implementation and learning orientation-CSR implementation relationships. Market orientation is significantly positively associated with innovativeness (Coefficient=0.57; $p<0.05$). Also, as shown in both the previous section and Model 1, a significant relationship between market orientation and CSR implementation is identified (Coefficient=0.38; $p<0.05$). The VIF values indicate multicollinearity is not an issue here (VIF=1.23). However, innovativeness does not mediate the relationship between market orientation and CSR implementation indicated by the insignificant relationship between innovativeness and CSR implementation in Model 2 (Coefficient=0.01; $p>0.05$). Thus, H2 (a) is rejected.

Learning orientation is significantly positively associated with innovativeness (Coefficient=0.87; $p<0.05$). Again, as shown in the previous section as well as in Model 1 a significant relationship between learning orientation and CSR implementation is identified (Coefficient=0.38; $p<0.05$). The VIF values indicate multicollinearity is not an issue here (VIF=1.59). However, innovativeness does not mediate the relationship between learning orientation

and CSR implementation. Model 2 indicates the insignificant relationship between innovativeness and CSR implementation (Coefficient=-0.04; $p>0.05$). Therefore, H2 (b) is rejected.

Table 2.4. Mediation analysis: innovativeness as a mediator in the MO-CSR and LO-CSR relationships

Independent variable	Innovativeness	CSR		VIF
		Model 1	Model 2	Model 2
MO-innovativeness-CSR				
MO	0.57*	0.38*	0.38*	1.23
Innovativeness			0.01	1.23
R²	0.19	0.19	0.19	
LO-innovativeness-CSR				
LO	0.87*	0.38*	0.42*	1.59
Innovativeness			-0.04	1.59
R²	0.37	0.16	0.16	

MO: market orientation; LO: learning orientation; CSR: CSR implementation

Cell entries are the coefficients, VIF and R² values.

* $P < 0.05$

Innovativeness and CSR implementation

The results failed to support both H2 (a) and H2 (b), since innovativeness appeared to have an insignificant relationship with CSR implementation when it was considered as a mediator between market orientation and CSR implementation, and between learning orientation and CSR implementation. Also, its relationship with CSR implementation was even shown to be negative when counting the effect of learning orientation. Such findings contradict the literature that shows a positive relationship between innovativeness and CSR implementation. Therefore, we decided to further explore the relationship between innovativeness and CSR implementation. This exploration stage was done in two successive steps. First, CSR implementation as one composite was regressed on innovativeness. Innovativeness was found to be positively related with CSR implementation

but the relationship was insignificant (Coefficient=0.12; $p=0.19$). Therefore, the second step was conducted. CSR implementation was broken into its seven components. Each component was regressed on innovativeness. Two significant relationships are shown between innovativeness and CSR activity categories (Table 2.5). The CSR activity categories that are significantly related to innovativeness are Leadership Vision and Value ($p<0.05$) and Community Activities ($p<0.05$). The other categories of CSR implementation are not significantly related with innovativeness ($p>0.05$).

Discussion

Our results suggest that market orientation and learning orientation are both positively related with CSR implementation. However, there is not sufficient evidence to support the mediating role of innovativeness in these two relationships. Clearly, market orientation is closely related with CSR implementation. A market-oriented firm is largely driven by the desire to provide superior customer value. It actively seeks understanding of customers as well as of other stakeholders and is committed to taking actions responding to market demands (Narver & Slater 1990). The results of this study indicate that firms are potentially driven by market motivations when implementing CSR. We do not know, however, if CSR implementation is more prevalent among market-driving or market-driven firms.

Similarly, learning orientation is positively connected to CSR implementation. A learning orientation drives a firm to learn and understand its environment, including different stakeholders and emerging issues in the market, etc. Learning oriented firms will be first to recognize changes in societal demand that may require new CSR efforts. The special connection between society and forests means that staying abreast of changing societal views, through a learning orientation, may be especially important for forest sector firms. Managers should carefully realize the ever-changing nature of CSR along with the fact that it is context-sensitive. These characteristics of CSR require companies to stay alert and keep themselves updated through continuous learning.

Our results show that innovativeness is not a significant mediator in either of the two relationships above. Although our results confirm significant relationships with market orientation and learning orientation among our study sample, findings show little support of a connection between innovativeness and overall CSR implementation. Based on these results, it is unlikely that

innovativeness considerably fosters CSR implementation of firms in our study. While this doesn't support our hypotheses, it in fact reflects the reality in the forest sector. The forest sector is generally a mature industry and the companies are traditionally known to be resistant to change. It is also largely product-focused in its operations and business strategies (Toppinen et al. 2013 forthcoming; Hansen et al. 2006). Innovation in the sector is focused on production efficiency and technology, rather than on management and business system, for example, CSR implementation. This can be an immediate explanation for the insignificant relationship between innovativeness and CSR implementation suggested in the analysis.

Although CSR implementation as a whole is not related with innovativeness, its two categories, *Leadership, Vision and Values* and *Community Activities* are found to exhibit significant positive relationships with innovativeness. It may be that compared with the other five categories of CSR activities, *Leadership, Vision and Values* and *Community Activities* are less strictly defined and companies may have more opportunities for innovation and creativity in these two fields. Therefore, companies with a higher level of innovativeness are likely to have a higher level of CSR implementation in these two fields as well.

In contrast, CSR implementation associated with *Environmental Activities*, *Workforce Activities* and *Marketplace Activities* has matured and mainstreamed to some extent. In other words, they are in general well implemented by forest sector companies or are strictly regulated, leaving less opportunity for companies in terms of being innovative in these fields. For instance, the environmental aspect of CSR has always been the focus as well as major public concern for the forest sector. To maintain a positive public image and stay competitive, global companies are more pressed to do a better job to address environmental responsibilities. Also, societal expectations on how they treat employees and their roles in the market are

high. CSR implementation in these fields is therefore at a higher level in the whole sector. It may take major effort and resources for a company to be innovative in these fields with just minor improvement and returns, which will not be favored by profit-seeking companies.

Findings of the study support the ideas that both a market orientation and a learning orientation promote CSR implementation. However, it would be interesting to see in future research how these two organizational cultures can work synergistically on innovativeness and CSR implementation. For instance, it is likely that staying too close to the market can result in company merely approaching CSR in a compliance manner, rather than innovatively. One question is whether different learning styles can impact it. A tentative research question can be “Does a generative learning style strengthen the link between innovativeness and CSR implementation more so than an adaptive learning style”.

Besides legislation, there are external factors that could impact CSR implementation as well as its relationship with various firm cultures. These external forces include suppliers, NGOs, government and the general public. Sometimes they will have a stronger impact than internal factors such as business cultures on CSR implementation. Future research could, for example, take into consideration the impact of external factors by conducting a similar study in a specific context-within a specific country or region.

There are several limitations associated with this study. The analysis is based on self-reported data. It is possible that a respondent answered questions in a way he/she thought would be favored by others. Thus, the items reflecting “good” company behaviors might be over-rated while the ones reflecting “not-so-good” company behaviors might be under-rated, for the purpose of

presenting a desired company image. This is called “social desirability bias”, which is always a concern with this sort of self-reported data (Jiao et al. 2011; Fisher 1993). Halo effect is another limitation to consider. Due to the halo effect, a respondent’s overall impression of the company (positive or negative) could impact his/her judgment of a particular company characteristic (e.g., market orientation). Thus, some of the ratings could also be biased this way.

Our study did not utilize random sampling and therefore we are unable to generalize to the industry as a whole. While our findings may be a good indication of these phenomena with respect to other large companies, we can say nothing about small and medium-sized companies. In the end, it is a relatively small sample that we studied in our research, although it represents a significant proposition of the global forest, paper & packaging industry with the total sales of our responding companies amounting to over \$160 billion. A small sample size can possibly lead to violations of some of the assumptions for statistical analysis (e.g. normality, constant variance). Thus, future research with a larger sample could further enhance the robustness of the analysis and the understanding of the connections between various company cultures and CSR implementation.

Acknowledgements

Financial support from Center for Wood Utilization Research, USDA CSREES Special Research Grant Program is gratefully acknowledged. We also would like to extend our appreciation to the reviewers for the insightful comments.

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CHAPTER 3 – THE EVOLUTION OF MARKETING SOPHISTICATION: AN EXAMINATION OF MARKETING CULTURE AND MARKETING STRATEGIES IN THE PRIVATE U.S. SAWMILLING COMPANIES

Abstract

Recent research in the field of marketing documents a shift from a production/sales orientation to a customer/market/stakeholder orientation. However, there is no systematic investigation of marketing sophistication in firms. This study examines marketing sophistication in the context of private U.S. sawmilling companies using a case study approach. Specifically, marketing culture and marketing strategies in the companies are the focus of the study. Data were collected from 20 firms via personal interviews, website information and field notes. Findings show that the studied companies did not have a holistic understanding of marketing and a production-oriented mentality still largely presents. An enhanced understanding of marketing would benefit the firms. However, it is also quite clear that many of the studied companies started to pursue an outward-looking, market-oriented approach of marketing.

Introduction

In a subsistence economy prior to the industrial revolution, there was little need for marketing, since the typical exchange in the market during this period was just simple barter between two people/households who were in need of what the other person/household had to offer (Stoddard 2007). With the advent of money into human history, small enterprises and family businesses emerged producing different goods needed by people. Still, there was little need for these enterprises to conduct complex marketing since the customers were all close by and there was little competition. Then came the industrial revolution when more efficient manufacturing methods were invented and implemented. The producers of goods changed from individuals and households to larger organizations with employees and equipment.

Goods in the market became much more abundant than before as a result of the adoption of new technologies and production methods. This was considered as the starting point of the development of marketing as a separate field of expertise (Stoddard 2007).

In academia, the earliest marketing related study that can be found was around 1910, conducted in American land-grant universities in the Midwestern area of the U.S (Webster 1992, Weld 1917). The study focused on agricultural markets and tended to address questions such as how agricultural products are brought to the market and are priced. These agricultural products were treated as pure commodities and the discussion centered on the commodities and the institutions involved in bringing these commodities from where they were produced to industrial customers, end users and consumers (Camp 1915, Powell 1910). These early studies considered marketing as a set of social and economic processes and were descriptive rather than normative. Marketing did not have a managerial focus at all based on these studies, while later it was considered an important managerial function in a company (Kotler 1967).

Around 1950, as marketing started to be defined as “business activities”, the emphasis of marketing research shifted towards a managerial perspective (American Marketing Association 1948, Bartels 1962). In the 1950s and 1960s, researchers developed the managerial approach to studying marketing. Marketing was often referred as “marketing management” during this period and was associated with decision-making and problem-solving processes. The emphasis was on product planning, pricing, promotion and distribution (Ruekert and Walker 1987, Webster 1988). It was also during this period that customer focus and customer satisfaction started to become important in marketing practices and marketing research (Drucker 1954).

Looking broadly at the marketing literature, there has been an evolution towards a more sophisticated thinking of marketing. The paradigm of marketing research has been shifting from product selling to relationship building (Webster Jr. 1992). While simply being considered as a synonym for “selling” or “sales” during the early years, presently, marketing is endowed with a rather enriched meaning. It involves establishing and maintaining an active dialogue with customers, suppliers and other individuals and organizations associated with the focal firm (Ferrell et al. 2010, Vargo and Lusch 2004, Narver and Slater 1990). Such a dialogue helps firms to identify customer needs, market trends and potential ways to build competitive advantages. This requires firms to be able to take on a broader and more holistic view of its market environment when conducting marketing related practices, instead of narrowly using it as purely a selling function. Research shows that marketing has been evolving from a simple production/sales orientation towards a more sophisticated market orientation and stakeholder orientation (Tadajewski 2009, Stoddard 2007).

In the U.S. sawmilling industry, the evolution of marketing also follows the same path. During the “good old days”, marketing in the forest sector has been traditionally sales-oriented (Hansen and Juslin 2011). Companies simply concentrate on producing a large quantity of goods and then rely on the sales force to convince customers to place orders. Production and low price were their major focus. Little time and effort was spent on analyzing customer needs; stakeholder wellbeing was not a major concern. However, along with the change of supply-demand situation and further complicated market demand, marketing in the sawmilling companies would have to be more sophisticated.

The demand for lumber products in the U.S. has seen many fluctuations since the 1960s, primarily determined by housing starts. Historically, the demand of lumber products goes up when there is a steady growing of housing starts

and falls when housing starts drops. For instance, U.S. housing starts were roughly 1.2 million units in 1966. The number went up to 2.4 million in 1972 and came back down to 1.2 million in 1975 (U.S. Census of Bureau 2013). During the similar periods, sawnwood consumption went from approximately 74.6 million m³ in 1966 to 83.2 million m³ in 1973, then fell to 66.6 million m³ in 1975 (FAOStat 2013). This pattern was repeated several times, with the latest example of the recession starting in 2008. According to contingency theory, there is no one best way to organize a business. Firms ought to be able to appropriately manage their businesses contingent upon their environment and what they do (Ruekert et al. 1987). Likewise, marketing should be interpreted and conducted based on specific contexts. Therefore, to cope with the demand fluctuation caused by housing starts, sawmilling companies shift part of their focus from the residential market to the repair and remodeling market (Niemelä and Smith 1995, Rich 1986). As a customer of the sawmilling companies, the nature of the repair and remodeling market is different from the residential market. It has a more complex needs and calls for more specialized products. The requirements of characteristics and dimensions of the lumber pieces vary among different buyers (Niemelä and Smith 1995). This increasing complexity of customers calls for a more customer-focused marketing philosophy to satisfy the evolving customer needs.

Besides changing market needs, growing public concern on corporate social responsibility (CSR) put more pressure on the forest sector to raise their awareness about the important stakeholders and to evolve marketing accordingly. Such a concern is mainly centered on environmental aspect of CSR, given the environment-sensitive nature of the industry. Discussion surrounding the environmental responsibility of the sector intensified in the 1970s and continues in the 21st century with constantly evolving areas of focus. The major societal concerns regarding environmental responsibility of the forest sector include emissions to water and air (1970s), recycling (mid 1980s), chlorine bleaching (late 1980s), forestry and forest management

(early 1990s), forest certification (mid 1990s) and global climate change and the role of forests (21st century) (Panwar et al. 2006). Due to the impact of globalization, raw material procurement and forest certification receive increasing attention these years. Companies would have to establish purchasing policies to ensure the legality of the raw material origin, for example, forest certification mechanism (Panwar et al. 2006). More importance is also placed on other aspects of CSR in recent years, including the social aspect and economic aspect (Vidal and Kozak 2008b). Examples of related issues include “health and safety”, “community involvement” and “wealth creation and local development” (Vidal and Kozak 2008a). The rising societal attention on these issues underscores the importance of more sophisticated marketing with a more broadened focus in the forest product companies.

Research in the forest sector documents some evidence of marketing in sawmilling companies evolving towards a more sophisticated customer-focused philosophy (Hugosson and McCluskey 2009, Niemelä and Smith 1996, Rich 1986). Specifically, the results of these studies suggest that companies develop a more cooperative relationship with customers (Hugosson and McCluskey 2009), shift focus from commodity products to more specialty and custom-made products (Niemelä and Smith 1996) and pursue a more differentiation and focus strategies (Bush and Sinclair 1991, Rich 1986). The research effort addressing marketing in the forest sector from a stakeholder perspective is scarce. However, as mentioned previously, there are plenty of studies concentrating on corporate social responsibility that emphasize the importance of various stakeholders in the forest sector (Toppinen and Korhonen 2013, Vidal and Kozak 2008a, Panwar and Hansen 2007). Overall, literature shows a clear trend that marketing in the forest sector has to and already starts to adopt a more sophisticated approach, instead of sticking to the traditional production view. However, there is no systematic investigation on the current marketing sophistication and its evolution in the forest sector.

In a hierarchical firm, marketing sophistication can and should be considered as a complex phenomenon with multiple layers. A firm's marketing sophistication is executed in different forms and is reflected on different levels in the firm structure. Based on Webster (1992), marketing sophistication can be viewed from three distinct dimensions - culture, strategy and tactics - across functional levels within a large and hierarchical firm. At the corporate level, marketing is usually viewed as a culture, a set of values and beliefs providing guidance to the whole organization; for each business unit, marketing is approached as strategy formulation focused on market segmentation, product development and so on in order to make the company successful in each of its business units; when boiled down to the operating level, marketing becomes very specific practices and everyday activities (Webster 1992).

From culture, to strategy and then to tactics, marketing moves from abstract thinking and philosophies to solid implementation. Also, marketing at each functional level is developed based on its preceding level so that all three dimensions of marketing are consistent with each other (Webster 1992). That said, the marketing strategy of a corporation is determined by its marketing culture, and the marketing tactics are developed to serve the marketing strategy and marketing culture. Changes occurring on a higher level marketing dimension will possibly lead to alterations or transformations on lower level marketing dimensions (Webster 1992). However, for smaller companies that do not have so many management layers, different dimensions of marketing can occur at the same functional level. The marketing department is normally the functional unit in a firm that is responsible for planning and operationalizing marketing. Its role is also determined by the overall marketing culture of the firm. When looking at marketing sophistication in an organization, it is important to include these different pieces in order to grasp the full picture of how marketing is understood and implemented.

This chapter focuses on marketing culture and marketing strategy, while next chapter will focus on marketing tactics and the marketing unit in a firm.

Specifically, the research questions of the study are the following:

In the context of private U.S. sawmilling companies,

- How do managers understand the concept of marketing and marketing culture?
- How do managers implement marketing as a strategy?
- How has marketing evolved and how is it going to evolve in the future?

Theoretical background

Keith (1960) was suggested to be the first who recognized the growing importance of marketing and its evolution into a managerial function in firms. As an executive at The Pillsbury Company, Keith (1960) witnessed that Pillsbury shifted its focus “from problems of production to problems of marketing, from the product we can make to the product the consumer wants us to make, from the company itself to the market place.” Building onto the work of Keith (1960), others studied the evolution of marketing by dividing it into different stages, with a different focus on each stage (Tadajewski 2009, Kotler 1988, Fullerton 1988, Bartels 1962). The ways to divide the evolution of marketing sophistication were slightly different as suggested by different authors, but the thoughts behind them were quite similar to what Keith (1960) suggested. In general, the evolution of marketing sophistication can be considered as four stages: production orientation stage, sales orientation stage, customer/market orientation stage, stakeholder orientation stage (Hult et al. 2011, Narver and Slater 1990, Kotler 1988). The four stages of marketing evolution depict the shift of business focus, from inward-looking to outward-looking, from narrow to more holistic. It reflects changes in firms’ approach to marketing, which are also referred to as the marketing sophistication in this study. It should be noted that the evolution of marketing

sophistication is not exactly linear. A customer/market-oriented company can pick up a production orientation or a sales orientation again for a while when economy is good and demand is high (Tadajewski 2009).

Stoddard (2007) suggests that there is also a relationship marketing orientation stage after the customer/market orientation stage. However, we considered relationship marketing as a separate school of thought of marketing evolution which has its focus on buyer-seller relationships. Broadly speaking, the thoughts behind transactional marketing are quite similar to a production orientation and a sales orientation, while the ideas of relationship marketing are highly consistent with a customer/market orientation and a stakeholder orientation. The development from transactional marketing to relationship marketing also depicts the evolution of marketing thoughts, but with a particular research focus on how to manage the various relationships relevant to a business. This study only focuses on the previously mentioned four stages of marketing sophistication. Below I describe the background of the four stages, mostly from a marketing culture point of view and in an U.S. context.

Production orientation and sales orientation

A production orientation and a sales orientation are similar in nature but not synonymous. The idea of a production orientation is closely related with high production efficiency and low cost; while a sales orientation focuses on selling techniques (Stoddard 2007, Kotler 1988).

Production-oriented companies concentrate on producing large quantities of commodities at low costs. Companies believe that what they provide are what the customers need and low price will bring them competitive advantage. Therefore, these companies seek to reduce the cost of production in order to pass along the benefit to customers in the form of low prices. Production-oriented companies are inward-looking since the center of the business is the

company itself and “what the company can make”. The production orientation stage has its roots in the early 1900’s with the continuously increasing growth of the U.S. industrial and market economy. During that time, newly developed industrial technologies along with the improved agricultural technologies contributed to the increase of products and services in terms of both quantity and quality. Also, effective growth of large cities provided a great number of consumers with relatively simple needs (Tadajewski 2009). In such an industrial climate, where it seemed that all levels of production could be absorbed, it was not surprising that customers and their thoughts were almost completely ignored (Lynd 1934).

Similar to a production orientation, a sales orientation does not encompass meeting customer needs. A sales-oriented company aims at selling what it can make rather than make what it can sell. However, a sales orientation requires more selling techniques than a production orientation which holds “products sell themselves”. Companies with a sales orientation focus on developing various selling techniques to move their products out of the manufacturing facilities. These companies believe that customers generally have buying resistance and need to be persuaded to make the purchase by aggressive selling and promotional efforts. The Great Depression is considered as the major historical event associated with the birth of a sales orientation. Starting in 1929, as the U.S. stock market collapsed, depression quickly spread and seized almost every country in the world. People’s incomes dropped, international trade plunged by more than half. In the U.S., unemployment rose to 25% (Lucas and Rapping 1972). As a result, industries suffered from extremely low prices and profits due to low demand. A production mentality was no longer successful since companies could not sell all products that they produced, even with lowered prices. Great pressure was placed on businesses to look for customers and markets. Companies had to become more aggressive with selling (Kotler 1988).

Being sales-oriented, companies start to be conscious of customers. They take the first step to shift their focus from products and the company itself to the customers, by getting to know who they are and attracting them by promotional efforts. To be sure, they pay more attention to the customers than the production-oriented companies. However, the reason for that is not necessarily concerned with meeting customer needs, but rather selling the products. Therefore, these companies which are similar to the production-oriented companies, are still inward-looking.

Customer orientation and market orientation

A production orientation and a sales orientation worked well during early times, when demand was relatively high and customer needs were simple and homogenous. However, the market was changing and so were customer needs. Production orientation and sales orientation have become obsolete marketing approaches in an ever-changing market with increasingly complex customer needs and intensive competition (Lear 1963). To stay in the market and be competitive, a company has to keep an eye on how their customers are shaped by a changing socioeconomic context. Companies may want to shift their focus from products to customers and the market, from inward-looking to outward-looking. Marketing started to evolve to the customer- and market-oriented stage.

A customer- and market orientation is developed based on the marketing concept (Jaworski and Kohli 1993). The market concept suggests that satisfying customer needs is the key to long-term profitability and thus customer value must be the central element of all business activities (Webster 1988). A customer and a market orientation both have an outward-looking focus and place customers at the center of the business. Companies with a customer and a market orientation concentrate on identifying and meeting customer needs. They realize that the purpose of their business is not producing what they can and then using hard-sell techniques, but rather offering what is needed by customers. Market research is conducted and

business operations are based on customer responses. Customers are the beginning and also the end of all marketing problems (White 1927). As Drucker (1954, pp37) stated:

“There is only one valid definition of business purpose: to create a satisfied customer. It is the customer who determines what the business is. Actually marketing is so basic that it is not just enough to have a strong sales force and to entrust marketing to it. Marketing is not only much broader than selling; it is not a specialized activity at all. It is the whole business seen from the point of view of its final result, that is, from the customer’s point of view.”

A customer – and market - orientation was initiated by the economic climate after World War II. The industrial expansion during the war time along with the post-war recession resulted in great competition among companies and even industries. Distributing products from an increased capacity and making profits from them became a problem for manufacturers. Also, the 1973 oil crisis lead to soaring energy prices, further exacerbating the inflation that already occurred. In addition, new economies emerged in other areas of the world and became competitive. The U.S. markets were facing both external and internal challenges. This called for more attention to the market and customers (Bliss 1942). It became increasingly important for companies to modify their business activities according to customer demand (Tadajewski 2009). Businesses shifted their focus from products to customers.

The term “customer orientation” and “market orientation” were considered as synonyms initially but later on market orientation developed into a richer concept with multiple components (Narver and Slater 1990, Kohli and Jaworski 1990, Lear 1963). Market orientation has been studied extensively after the term was first mentioned by Lear (1963). Most of the hundreds of studies focused on market orientation find it to be potentially connected to firm performance. One major component of a market orientation is still considered to be customer orientation, with the idea that the primary goal of business is to create satisfied customers (Dashpande and Webster 1989, Payne 1988). All

the activities taking place should be centered on the idea of meeting customer needs. The significance of a competitor focus is also suggested and embraced, since competitors can impact customers and their needs (Kotler 1977, Narver and Slater 1990). It is suggested that competitors, along with customers, comprise the major external environment of a company (Kotler 1977).

Narver and Slater (1990) and Kohli and Jaworski (1990) are the two, well-known “camps” of thought regarding market orientation. Narver and Slater (1990) consider market orientation as an organizational culture, while Kohli and Jaworski (1990) define it from an operational point of view. They provide two perspectives to approach market orientation with the same core - customers. The two approaches represent different angles of interpreting market orientation but are essentially consistent with each other (Narver and Slater 1990).

By examining the major conceptual literature on both sustainable competitive advantage and market orientation, Narver and Slater (1990) infer that market orientation consists of three components-customer orientation, competitor orientation, and interfunctional coordination, with the addition of two decision criteria, namely, long-term focus and profitability. Customer orientation is to have a good understanding of the target customer in order to provide continuously superior value. It requires the seller to understand the entire value chain today and also in the future (Day and Wensley 1988). Competitor orientation means that a seller understands the short-term and long-term strengths, weaknesses and strategies of its current and potential competitors (Aaker 1988, Day and Wensley 1988, Porter 1980, 1985). A seller, in order to analyze the competitors, should firstly understand the approaches with which it can satisfy the target and potential customers (Levitt 1960). Interfunctional coordination comes as another important element constituting market orientation. With a comprehensive understanding of customers and

competitors, an organization should utilize its resources in a coordinated manner to create superior value for the customers. Such a process needs a synergistic effort of all functional groups in an organization (Webster 1988, Narver and Slater 1990). In addition, a long-term perspective and considerations of profitability need to be integrated into any decision making process in the organization, to ensure the present and future survival and prosperity (Narver and Slater 1990, Kohli and Jaworski 1990).

Taking a different perspective, Kohli and Jaworski (1990) interpret market orientation with the concentration on organizational behaviors and activities. By doing an extensive review of literature on marketing, Kohli and Jaworski (1990) suggest that it is essential to be more specific on how to transform marketing from merely a concept/philosophy into practice - an issue under-addressed in the literature. Therefore, they define market orientation from an operational point of view with its three components, namely, intelligence generation, intelligence dissemination and responsiveness.

Market intelligence is the starting point of market orientation. The intelligence generation process involves finding out current and future needs of customers. Besides customers' verbalized opinions, the exogenous factors (competitors, regulations, etc.) that can have an impact on customer preferences should also be carefully analyzed (Day and Wensley 1983). Intelligence dissemination is the step to communicate market intelligence to the individuals and departments throughout the organization. To respond to a market need effectively, all the departments in the organization should be aware of the newly generated market intelligence. The final component of market orientation is responsiveness. Market intelligence can be generated and disseminated in an organization, but it will achieve nothing if the organization does not respond to it. Hence, an organization needs to take actions according to the market intelligence that has been generated and disseminated with the goal of satisfying customers. Such actions can include

target market identification, product and service design, etc (Kohli and Jaworski 1990). Each of the three steps of operational market orientation is centered on customer focus and coordinated marketing, which are considered important pieces of the concept of marketing and the “pillars” based on which market orientation is constructed (Kohli and Jaworski 1990, Bell and Emory 1971, Felton 1959). Profitability is seen as an expected outcome of a market orientation (Kohli and Jaworski 1990).

The two “camps” certainly approach market orientation from different points of view. Narver and Slater (1990) suggest that market orientation is an organizational culture. It can be understood as attitudes and values that are shared by the people in the organization. It is “an invisible hand” guiding individuals’ behavior (Lichtenthal and Wilson 1992). From a different angle, Kohli and Jaworski (1990) consider market orientation as the organizational-wide activities of implementing marketing. However, these two perspectives share some common ground. In Narver and Slater’s (1990) construct, customer orientation and interfunctional coordination are two of the three major components of market-orientated culture; for Kohli and Jaworski’s (1990) construct, customer focus and coordinated marketing are the pillars that market-orientated operation is based on. Both constructs of market orientation stress a focus on customers’ needs and the interdependence among different functional departments of the organization. Especially, they both stress that it is important to take care of not only the immediate and direct customers but also the potential and indirect ones.

Being distinguished from production orientation and a sales orientation, customer and market orientation are outward-looking. Changing business focus from the company itself and the products it produces from satisfying customer needs is truly evolutionary. Nevertheless, achieving this task requires a comprehensive understanding of all the stakeholders, who are the individuals and groups that can possibly have an impact on the company.

Except for customers and competitors, customer and market orientation largely ignore these stakeholders, which include but not limited to employees, suppliers and government, etc. (Maignan et al 2011).

Stakeholder orientation

The seminal work by Freeman and Reed (1983) can be thought of as the origin of contemporary stakeholder theory. He asserts that firms should actively deal with a broad range of groups other than shareholders and analyze what they mean for its business practices. In a broad sense, a stakeholder group is “any identifiable group or individual who can affect the achievement of an organization’s objectives” (Freeman and Reed 1983). The stakeholder perspective is captured in the marketing literature by the discussions on ethics and social responsibility (Hult 2011, Maignan et al. 2005, Blodgett et al. 2001). In marketing, a stakeholder orientation requires a more expansive perspective than a market orientation (Ferrell et al. 2010).

The concept of stakeholder orientation is developed based on market orientation. They share some similarities but eventually differ from each other (Figure 3.1). With a focus on social responsibility and the impact of marketing on society, the scope of a market orientation is broadened by having considerations of other stakeholders beyond just customers and competitors (Hult et al. 2011, Lusch and Laczniak 1987). However, these stakeholders are considered important primarily due to the reason that they all have impact on the customer needs and purchasing behaviors. Customers and competitors are always the primary stakeholder groups and they are highly prioritized when a firm thinks about and implements marketing. A true stakeholder orientation is also concerned with customer needs and competitor actions, but it essentially emphasizes the importance of all the individuals and organizations that a company is responsible to (Freeman and Evan 1991). The stakeholder perspective enriches marketing literature with the sense of ethics and social responsibility and focuses on the wellbeing of all stakeholders (Blodgett et al. 2001). Ferrell et al. (2010) propose the definition

of a stakeholder orientation as “the organizational culture and behaviors that induce organizational members to be continuously aware of and proactively act on a variety of stakeholder issues.”

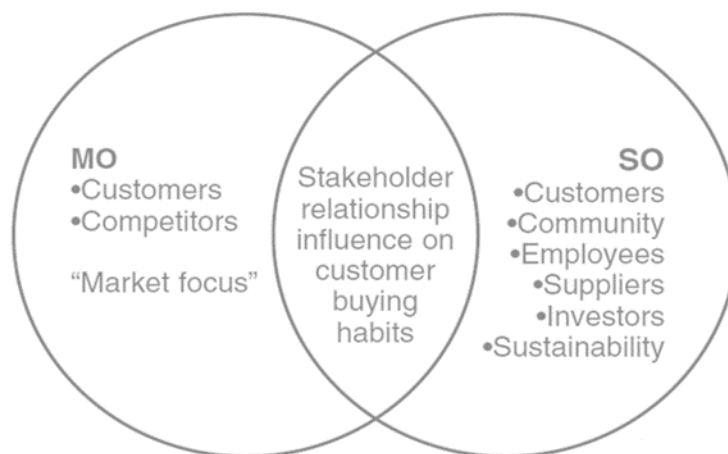


Figure 3.1. Market orientation and stakeholder orientation

Hult et al. (2011) categorized various stakeholders into two groups: primary stakeholders and secondary stakeholders. Primary stakeholders include customers, employees, suppliers, shareholders and regulators. They are the groups which the firm directly depends on for its survival and prosperity. Secondary stakeholders mainly consist of competitors, the mass media, social media, trade associations, and special interest groups. Unlike primary stakeholders, secondary stakeholders do not have contractual relationships with the firm nor exercise any legal authority over the firm (Easley and Lenox 2006). However, sometimes they have more impact on the firm than some of the primary stakeholders. Competitors can be the example of a very influential secondary stakeholder group. A firm has to take into consideration what the competitors are doing when planning business activities. Also, competitors are an important focus of a market orientation (Narver and Slater 1990).

Marketing sophistication in the forest products manufacturing industry

From a cultural perspective: towards a focus on customers and other stakeholders

Traditionally, the forest products manufacturing industry has been production- and sales- oriented (Hansen 2005). This is especially true for sawmilling companies. As stated by Rich (1970), a good supply of raw material and efficient processing operation that turns the raw material to commodities constituted the key to success for lumber mills. Continuing technology advancement improved both production efficiency and cost reduction. Firms focused on what they were most efficient at producing, by narrowing their product ranges and increasing production proficiencies. (Cohen and Kozak 2001). The management attention was almost entirely on keeping the production capacity in full and letting the sales worry about how to move the products (Rich 1970). It was the customers' responsibility to work with the commodities they bought into the desired final form to use. Marketing functions simply included activities such as commodity description, price reporting, negotiations, and transportation and storage (Duerr 1960). These activities were normally in control and performed by various intermediaries, instead of the producers. With this limited view of marketing, producers considered the trade structure as the market. Also, they viewed the end user needs and wants as the problem of the middlemen which was of "no particular concern to the manufacturer" (Rich 1970).

The production- and sales- oriented approach was sufficient for the early forest products industry with low-cost yet plentiful raw material supply, high demand and limited competition. Therefore, as noted by Sinclair (1992), the U.S. lumber industry during the early years was "blessed". However, changes occurred and this could not last forever. Firstly, the advent of new transporting and new processing technologies made it easier, faster and cheaper to transport products across the country and even around the globe. While a problem before due to high expenses, transportation was then no longer the hurdle for companies to go out and compete with others that were some

distance away. The world became flat, competition therefore intensified, and has continued. Also, as discussed earlier in this section, the change of marketing sophistication is mostly associated with general socioeconomic context. This is also true for the forest products manufacturing industry. The U.S. economy and housing market fluctuated up and down before and after World War II, in the 1970s and 1980s and afterwards till today. During the economic downturns, markets would no longer absorb all that could be produced from the industry with well-established production efficiencies. In addition, other factors such as threat of new and nonwood products, the emergence of new customer groups, changing distribution patterns, increased environmental awareness among customers, and more firm responsibilities assumed by the society also contributed to the changes of the marketplace (Panwar 2006, Cohen and Kozak 2002).

All of these changes combined forced the forest products manufacturing industry to start adopting a more sophisticated marketing approach, by focusing more on customers and other stakeholders. Instead of blindly providing large volumes of cheap commodities, companies started to consider customer needs and customer satisfaction when conducting business activities (Hansen and Juslin 2005). Also, companies could not anymore make what they saw fit. Again, they needed to interact with customers to find out their specific needs and adapt the products and services accordingly (Cohen and Kozak 2001). In addition, companies were seeking to balance the need of various stakeholders.

Marketing strategies in the forest products sector

Marketing strategies, sometimes called marketing planning are developed at the business unit level of a corporation (Hansen and Juslin 2011, Jain 2000, Webster 1992). It is normally determined by higher-order thinking at the corporation level yet turns the abstract thinking into more specific plans.

Research on marketing strategy is abundant and the intention is mostly centered on addressing questions about market definition, market segmentation and company's strengths to survive and compete (Webster 1988, Shirley 1982, Ansoff 1957). Several authors in the strategic planning research field receive a fair amount of attention in the forest products marketing literature. They are Ansoff (1957), Porter (1980) and Juslin and Tarkkanen (1987). Their approaches and ideas are listed in Table 3.1.

Table 3.1. Strategic planning approaches

Author	Year	Detail
Ansoff, H.I.	1965	<i>Product-market scope</i> : define the specific industries that the firm will be in and the products it will offer <i>Growth vector</i> : define the direction of firm development with respect to its current product-market position <i>Competitive advantage</i> : identify particular product-markets where the firm can have a strong competitive position <i>Synergy</i> : combine firm resources in such a way that they give the company more possibilities than any of them used separately
Juslin, H & T. Tarkkanen	1987	<i>Products</i> : decide what products to produce (commodity/specialty/custom-made) <i>Customers</i> : decide what customers to serve (As many customer groups as possible/Few, well-specified segments/known end-users) <i>Market areas</i> : decide where to operate (As many countries or regions as possible/Few, well-specified countries or regions) <i>Core competencies</i> : decide the measures by which to beat the competition (Depending on the firm's capabilities and resources)
Porter, M.E.	1980	<i>Cost leadership</i> : concentrate on cost control and reduction <i>Differentiation</i> : strive to make a product that is perceived unique in the industry <i>Focus</i> : serve a specific customer group or a geographical area

Known as “the father of strategic management”, Ansoff (1957) suggests a strategy system consisting of four complementary components, which are product-market scope, growth vector, competitive advantage and synergy. Viewing this strategy system in view of the firm's search for profitability, the first three components describe the scope for the search, the directions within the scope and the potential opportunities, while the fourth component helps to examine and develop the capabilities needed to make a profit (Ansoff 1965).

Based on this understanding, Hansen and Juslin (2011) suggest that product-scope, growth vector and competitive advantage are primarily focused on marketing while synergy refers to the company internal resource organization and utilization. Building upon Ansoff's (1965) idea, Shirley et al. (1981) advocate that a company's marketing strategy should include five decisions, which are customer mix, product mix, geographical limits of market area, competitive advantage and goals. This approach is more specific and easier to operationalize than Ansoff's (1965) strategy construct. In the same vein, Juslin and Tarkkanen (1987) develop a four-component marketing strategy under the context of Finnish forest industries. They suggest that the marketing strategy of a firm is determined by the decisions on four components, including products, customers, market areas and core competencies. The basic decisions of each component are listed in (Table 3.1). To make an effective marketing strategy, the decisions on the four components have to be somewhat consistent (Hansen and Juslin 2011). For example, a "custom-made product" strategy will go along well with a "known end-users" customer strategy, but probably not with an "as many customer groups as possible" customer strategy.

Focusing on product decisions and customer segmentation, Porter (1980) looks from a different angle and develops three generic competitive strategies: cost leadership, differentiation and focus (segmentation). A firm can adopt one strategy or a combination of multiple strategies. However, only one combination is likely to be successful. Suggested by Porter (1980), combining the differentiation and focus strategy is a logical way to match the product with a specific market demand thus provides the firm with competitive advantages. Other combinations all have potential internal conflicts. Also, cost leadership strategy is considered more product-oriented while differentiation and focus strategy are considered more customer-oriented (Hansen and Juslin 2011). Although developed from a different standpoint, Porter's (1980) generic competitive strategies are suggested to be closely connected with the four-component marketing strategy developed by Juslin and Tarkkanen

(1987). The idea is that companies may make different decisions on products, customers, market areas and core competencies, depending on which generic competitive strategy they adopt. For instance, a company adopting a cost leadership strategy is likely to choose a “commodity” product strategy, an “as many customer groups as possible” customer strategy, an “as many countries of regions as possible” market area strategy and a cost and production-based competitive advantage, while a company that decides to go with a differentiation strategy may make totally different decisions (Hansen and Juslin 2011).

Marketing research in forest products sector

In the forest products marketing literature, there is an overall trend showing a shift in focus from cost and production to customer needs. Rich (1986) compared the strategies followed by major U.S. forest products companies between the two periods of 1976-1979 and 1986, and found there was a shift from a cost leadership strategy to a differentiation and/or focus strategy in order to satisfy different customer needs. Also, marketing activities such as business research and product/market planning were found to be of increased importance (Rich 1986). Similarly, Bush and Sinclair (1991) examined the competitive strategies in the U.S. hardwood lumber industry and found the largest companies in the industry shifting towards differentiation strategies. Specifically, these large companies tried to differentiate their products through proprietary grading, branding, customer service and promotional efforts. The work conducted by Idassi et al. (1994) also focused on the hardwood lumber industry and provided evidence that a traditional product-oriented marketing is no longer sufficient to achieve customer satisfaction. Instead, a customer-oriented marketing approach is essential to provide maximum customer values. In a different context, Hugosson and McCluskey (2009) concentrating on marketing competencies of Swedish sawmilling firms, found that superior customer service and good customer relationship provided these sawmills with competitive advantages.

Toppinen et al. (2013) outline the four stages of the forest industry: forestry orientation, production orientation, market orientation and sustainability and increased stakeholder-orientation. This industry evolution suggests that the forest industry becomes more demand-focused instead of supply-focused, and more outward-looking instead of inward-looking. Marketing is also required to adapt itself on the same path. Within the context of U.S. forest industry, Narver and Slater (1990) and Hansen and Dibrell (2006) suggest that an outward-looking market orientation is found to be positively associated with firm profitability and performance. The research effort addressing marketing in the forest sector from a stakeholder perspective is scarce. However, there are plenty of studies concentrating on corporate social responsibility that emphasize the importance of various stakeholders in the forest sector (Toppinen and Korhonen 2013, Vidal and Kozak 2008a, Panwar and Hansen 2007).

However, confusion still exists. Despite the evidence presented above that forest products companies are moving towards a more sophisticated marketing approach, the study conducted by Hansen (2006) shows that marketing in forest industry companies is not well-integrated into practices such as new product development. Moreover, Rich (1986) identified “stuck in the middle” companies in his study of strategy shift in the major U.S. forest products companies between the two periods of 1976-1979 and 1986. These companies were implementing at the same time multiple marketing strategies that in theory are not compatible with each other in the same organization (Porter 1980). Later on, Hansen et al. (2002) studied marketing strategies of softwood sawmills in Western North America and found the “stuck in the middle” problem to be evident. In addition, there is no systematic examination of the current status of marketing sophistication. It is important for researchers as well as managers to more fully understand the true marketing sophistication of forest products industry companies, especially from its different dimensions – culture, strategy and tactics. This can be an important

means for the industry to achieve sustained competitive advantage (Barney 1991, Wernerfelt 1984).

Methods

Case study

As a research method, the case study is widely used in research across disciplines (Creswell 2007), because it is able to provide a deep and holistic understanding of a simple or a complex phenomenon. The case study is often considered very well suited to the early stage of research or research areas where existing theory seems inadequate and a new perspective is needed. Many believe that case studies should only be used for the exploratory part of research to develop more structured tools for later stages of the study (Rowley 2002, Eisenhardt 1989). Rowley (2002) broadens the scope of the application of the case study method by advocating that case studies can be applied for a variety of research and are especially good at answering 'How?' and 'Why?' types of questions. More specifically, Yin (2009) gives a technical definition of case studies, illustrating five major points of a case study:

As an empirical inquiry, a case study (1) investigates a contemporary phenomenon in depth and within its real-life context, especially when, (2) the boundaries between phenomenon and context are not clearly evident. A case study inquiry (3) copes with the technically distinctive situation in which there will be many more variables of interest than data points, and as one result, (4) relies on multiple sources of evidence, with data needing to converge in a triangulating fashion, and as another result, (5) benefits from the prior development of theoretical propositions to guide data collection and analysis. (Yin, 2009, p. 18)

Based on Yin's (2009) definition, theory development prior to data collection is essential. Preliminary theory development and the propositions created based on the theory developed will provide strong guidance for the whole research design, including data collection and analysis (Yin 2009). For some topics, however, existing knowledge is not sufficient to provide good theoretical statements. And thus, an "exploratory" study is likely needed. In this case, still

at least a fine understanding of what to explore, the purpose of the exploration, and how to judge the success of the exploration should be formed at the beginning of the study (Yin 2009).

Others argue for a theory-after-research model, especially for theory-building case studies (e.g., grounded theory case studies) in which researchers will find and develop a theory from the data obtained by conducting the study (Creswell 2007, Leedy and Ormrod 2005). They maintain that preconceived theoretical assumptions should be avoided in grounded theory case studies since theory is the “outcome of the research” (Mitchell and Cody 1993). In a similar vein, Eisenhardt (1989) points out that theory-building research should start with little-to-no theory, since “preordained theoretical perspectives or propositions may bias and limit the findings.” Instead, researchers are carefully advised to begin with some research problems or issues for study, then develop a research plan and immediately start data collection. By analyzing the data carefully and constantly considering what is uncovered from the data, researchers finally would be able to provide some theoretical implications for the phenomenon being researched (Berg 2009).

Yin (1993) also identifies three types of case study, based on research purpose: exploratory, descriptive and explanatory. Exploratory case studies, as the traditionally well-acknowledged case study type, are often conducted to define research propositions for further investigation; descriptive case studies are used to provide specific and accurate description of a phenomenon; explanatory case studies seek to provide explanations of the link between an event and its effects. The focus of an exploratory case study is normally quite broad and does not aim at answering any specific questions. With different purposes, both descriptive and explanatory require specific research questions and propositions formulated prior to conducting data collection. They also demand a more established theoretical framework at the beginning of the study, which is not essential and probably not preferred in exploratory

case studies. However, these three types of case studies are not always mutually exclusive. Sometimes, more than one type could be found in a single case study with multiple research purposes (Yin 1993).

Case studies are sometimes being viewed relatively weaker than other social science methods. Major concerns about case studies include lack of rigor and little basis for scientific generalization provided, etc. However, case studies have many advantages over other research methods, when being carried out appropriately. Yin (2009) suggests that a unique strength of the case study is “its ability to deal with a full variety of evidence-documents, artifacts, interviews, and direct observations.” Compared with surveys, another widely used method in social science and in business research, case studies allow researchers to investigate the phenomenon more in-depth and from various points of view. Also, case studies can examine concepts and variables that are not easy to quantify and thus are hard to study using survey methods (Ghauri and Grønhaug 2002, Bonoma 1985).

The purpose of this study is mainly exploratory. Theories in the general marketing literature are borrowed to provide preliminary understanding of marketing sophistication. Also, “case study” here is referred to as a framework collecting and documenting evidence about marketing sophistication. The “case” of interest in this study is the phenomenon “marketing sophistication”, rather than individual companies.

Sample

This study tended to follow a theoretical sampling approach and studied the companies in which good marketing sophistication is “transparently observable” (Eisenhardt 1989). Private U.S. sawmilling companies with multiple facilities were considered companies that represented strong and positive examples demonstrating the central phenomenon of interest in this research, which is marketing sophistication. The specific reasons are: 1)

Private companies tend to be less hierarchical than public corporations and can be more efficient in making and executing marketing decisions, 2) Companies with multiple facilities are likely to be larger in size compared with those with single facility and have the resources necessary for more sophisticated marketing. Taking sector variation into consideration, these cases included both softwood sawmilling companies and hardwood sawmilling companies. These companies covered different regions of the U.S., namely, West & West North Central, East and South.

The USDA Forest Service divides the 50 states in the U. S. into nine regions, according to their geographical location and forest resources (Figure 3.2). Each of the nine regions has a regional forester who reports directly to the Chief of the USDA Forest Service. The utilization of the forests and related social programs are carried out regionally and are managed by the regional forester. This could be a logical way to divide up the study regions. Considering the study feasibility, the USDA Forest Service Regions were grouped into three regions: the Eastern (R9) and Southern (R8) regions were kept as two individual regions for data collection; all of the other regions were combined into the third region which was West and West North Central region.

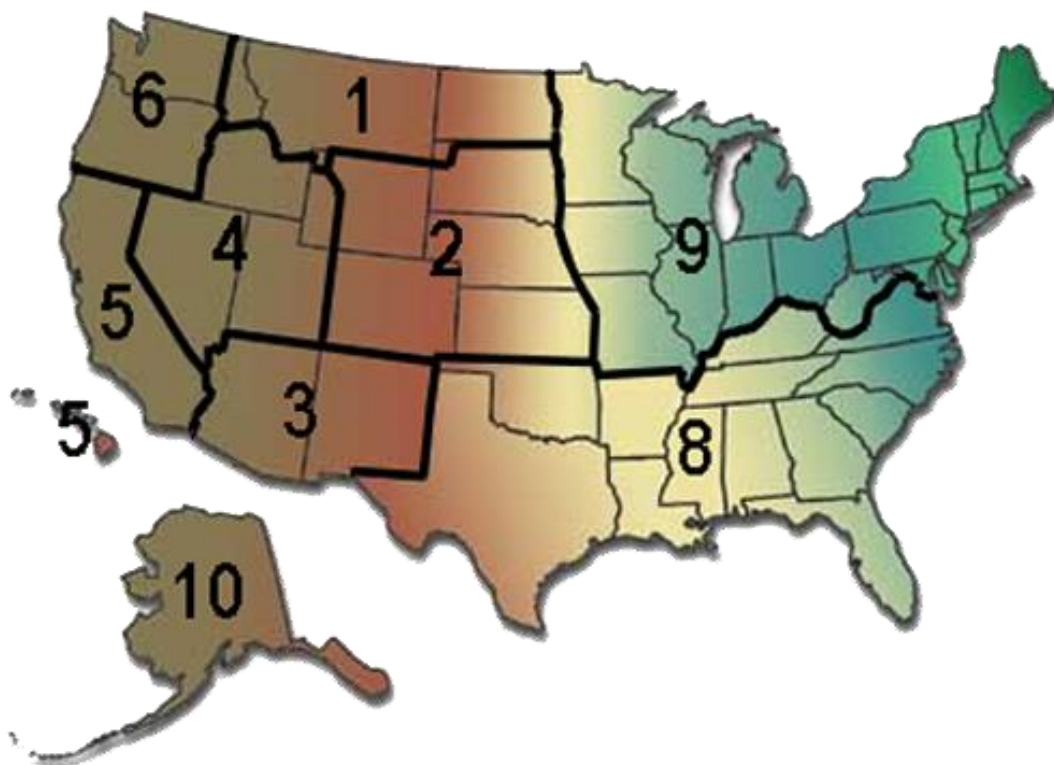


Figure 3.2. USDA Forest Service Regions (USDA Forest Service 2014)
(Region 7 was eliminated in 1965 when the current Region 9 was created
from the former Region 7 and Region 9)

Industry directories and expert opinions were consulted for case selection. The 2010 Big Book (hereafter The Big Book), a North America softwood industry directory, was used for softwood sawmilling company identification and the Membership Directory section of National Hardwood Lumber Association website (hereafter NHLA directory) was utilized for hardwood sawmilling company identification. Also, one NHLA staff member and four faculty members from Department of Wood Science and Engineering at Oregon State University were inquired to provide opinions in the case selection process. For each study region, the softwood sawmilling companies were identified first. Hardwood sawmilling companies were then selected in the areas nearby where the softwood sawmilling companies were located. The rationale for having such a case selection process was due to resource and information limitation. The data collection included personal visits to each company. Thus, it would be convenient and cost-effective that the cases

studied in each region were close to each other. Also, the NHLA directory provided fewer details for each company listed than did *The Big Book*, in terms of company characteristics. For example, the NHLA directory did not give the number of facilities that a company had which was one of the case selection criteria. But *The Big Book* did have this information readily available. Therefore, it was more efficient to use *The Big Book* to develop a list of softwood sawmilling companies that could be potentially studied and then select hardwood sawmilling companies accordingly.

A list of 49 companies was at first developed, including both softwood sawmilling companies and hardwood sawmilling companies. These companies were contacted by email and phone. In the end, 20 companies agreed to participate and thus were included in the study. Among the 20 companies, 16 companies had multiple facilities, consistent with the sample selection criteria, while four other companies only had single facility. These four companies were selected in order to ensure a balanced sample for each region, since there was a shortage of multi-site companies in the East region being willing to participate in the study. Some general sample information is provided in Figure 3.3.

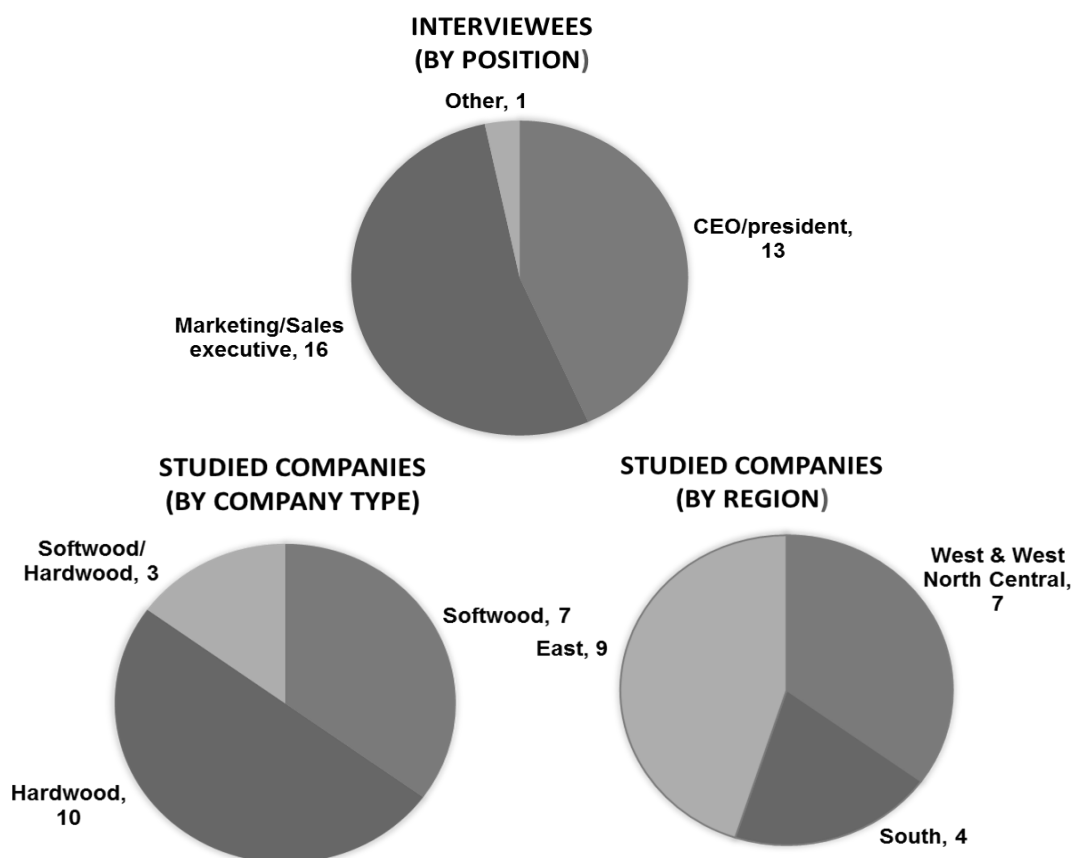


Figure 3.3. General study sample information

Data sources and data collection

Data sources

Both Yin (2009) and Patton (2002) suggest the importance of data triangulation in qualitative research, that is to say, to collect data from different sources but corroborating the same phenomenon. This provides multiple measures of the study phenomenon and allows the researcher to examine it from different angles. Following this strategy, data in this study was collected as two types from three sources: personal interviews, field notes and company websites. Personal interviews were conducted with the key informants in each company, consisting of CEOs, marketing executives and other Vice President level executives. Field notes were taken based on direct observation during each company visit. Company websites were examined and information relevant to the research topic was carefully summarized as

written notes. Among the three data sources, the primary data, personal interviews and field notes constituted the center piece of the case study evidence, while the secondary data, company websites provided additional information for data triangulation.

Data collection

According to Eisenhardt (1989), interweaving data collection and data analysis in case studies helps “reveal helpful adjustments” to data collection and also makes data analysis more efficient. Therefore, data collection and analysis in this study were largely overlapped with each other. However, they are presented separately for the sake of clarity.

Primary data was collected through semi-structured interviews. At least three forms of interviews can be identified according to their formality: structured interviews, semi-structured interviews and unstructured interviews. The major difference among the three forms of interviews is “the degree of rigidity of their presentational structure” (Berg 2009, pp.104). The structured interview method is basically a verbal questionnaire with the same set of questions being asked to each interviewee in the same order and worded the exactly same way, while with the unstructured interview method the interviewer develops, adapts and generates different questions in each interview with total flexibility. The semi-structured interview, like the structured interview, also involves a set of predetermined questions, which will be asked systematically during each interview. However, in a semi-structured interview the interviewer has the freedom to be creative and innovative. New questions can be generated and asked; the original ones are allowed to be modified; the order of the questions being asked is possible to change. These modifications can be made according to each specific interview situation. With this type of flexibility, researchers are able to obtain more in-depth and more comprehensive information (Merriam 2001).

A semi-structured interview protocol was developed based on the research purpose. It was evaluated by a group of researchers in the forest products marketing area, including both professors and graduate students, and then pre-tested on one graduate student that had industry experiences and two forest business professionals. All the individuals who participated in the evaluation and pre-testing process were selected outside of the study cases. Light feedback was received and slight modifications were made to the interview protocol. The final interview protocol covered four major parts of inquiry: interviewee background, current marketing sophistication, the evolution of marketing sophistication, and the impact of recession on marketing sophistication (Appendix E). This chapter addresses the questions related to marketing culture and marketing strategies as part of the current marketing sophistication and the evolution of marketing sophistication.

As previously mentioned, CEOs, marketing executives and other Vice President-level executives in the companies were chosen to be the potential interviewees. They were considered as the personnel who had the best knowledge regarding marketing in the company. They were firstly individually contacted by email and then followed up by phone. More than one individual was contacted to interview in each company in order to examine marketing sophistication from different angles and different perspectives, although not all of them were successfully recruited. In the end, 26 interviews were conducted with 30 people from the 20 companies selected to be studied. The length of the interviews ranged from 30 minutes to two hours, with most of them being approximately one hour. Each interview was digital recorded based on interviewee agreement and transcribed verbatim for data analysis.

Field notes were taken during and after each company visit. The notes included some direct observations of the company and interviewee(s), a sense of company atmosphere as well as some immediate interpretations of these observations and of the interview(s) conducted. After each visit, the

researcher did a reflective overview by reviewing the field notes and recorded interviews. Initial interpretations were made and documented in the form of additional notes for analysis. As the source of secondary data, company websites were carefully examined based on the interview protocol. Evidence relevant to any interview questions was documented. When the evidence was not presented directly in a text format on the website (e.g. pictures, figures), a brief description was created by the researcher. The website information was collected after the primary data being collected and analyzed.

Data analysis

In terms of operationalization, data analysis can be summarized as three “concurrent flows of activity” recommended by Miles and Huberman (1994): data reduction, data display, and conclusion drawing/verification. *Data reduction* is the process of “selecting, focusing, simplifying, abstracting, and transforming” the case study write-ups. A case study write-up is a written work turning the raw data (e.g. sketched field notes, recorded interview conversations) into text that can be read, edited for accuracy and later analyzed. It contains a lot of information about the case and needs to be condensed for further analysis (Tesch 1990). Data reduction is the starting point of data analysis, which involves a set of activities such as data coding, theme developing and memo writing. It is a form of analysis that organizes, filters and condenses the data so that patterns can emerge and inferences can be made. The second part of data analysis is data display. Data display is “an organized, compressed assembly of information that permits conclusion drawing and action.” It puts the data (after being systematic data reduction) into a readily accessible format so that the researcher can easily see what is going on and what the data may suggest. Specific tools that can be used for this purpose include matrices, graphs, charts and networks. The third part of data analysis is conclusion drawing and verification. In many cases, “conclusions” are pre-generated from the beginning based on literature and theoretical propositions. These “conclusions”, however, may be vague and can only be held loosely by the researcher. Final conclusions are drawn at the end of data collection and analysis. They also need to be verified by means

of, for example, revisiting and rethinking the data or involving others to review the data and conclusions (Miles and Huberman 1994, pp10). The three-part analysis of this study is briefly described below.

Data reduction – In data reduction, the approach followed was similar to that described by Rubin and Rubin (1995). The interview transcriptions were coded using qualitative software NVIVO. A list of the primary themes were firstly developed according to the interview protocol. Then, the transcripts were examined carefully and subthemes and additional themes were identified based on previous literature as well as patterns that emerged during the coding process. At the end of this process, the useful “chunks” of information were identified, highlighted and summarized under each code. The summary of these “chunks” of information were read with the purpose of identifying new subthemes. All the themes and subthemes were mentioned at least by three companies. Next, the transcripts were completely recoded using all the identified themes and subthemes, to ensure that all the relevant text in the transcripts was thoroughly included in the codes. Finally, the process resulted in four primary themes. All of the primary themes have several subthemes under them (Table 3.1). In addition, reflective remarks and initial ideas about the data and codes were documented in the form of a memo.

Table 3.1. Primary themes and subthemes identified during data analysis

Primary themes	Subthemes
Definition of marketing	1. Promotion 2. Sales 3. Customer/market-focus
Marketing philosophy	1. Production/sales orientation 2. Customer/market focus 3. Other stakeholders 4. Interfunctional coordination
Marketing strategy	1. Product 2. Customer 3. Market area 4. Core competencies
Changes in marketing	1. Customer orientation 2. Diversification 3. Export 4. Promotion and internet

Data display – Matrices were utilized in this study to display data, with rows representing a company and columns containing information addressing interview protocol questions. Patterns and codes developed from the interview transcriptions were summarized and organized into a large matrix, while data derived from company websites was displayed in a separate matrix for data triangulation. It should be noted that data reduction and data display took place at the same time for website information analysis. When analyzing company websites, the researcher visually scanned the website of each company, and then put relevant information and notes made on important points directly into a matrix that was created already.

Conclusion drawing/verification – Data in the matrices was examined firstly within each individual company and then compared among cases. Field notes and memos were carefully read. In the end, conclusions were drawn based on data collected from all of the sources. Also, the interview data was analyzed by a second researcher independently for the sake of

“intersubjective consensus”. Furthermore, the primary and the secondary researchers maintained an open dialogue and exchanged opinions regularly during the whole data analysis process. Conclusions were able to be verified this way.

Results and discussion

This section addresses the results of this study. The results are divided and organized based on the primary themes. Following the presented results of each primary theme, discussion is made based on the researcher’s observation and interpretation of the data. It should be noted that all of the quotes are from the interview data. The website information was a bit sporadic and thus was just used for conclusion confirmation and verification.

Definition of marketing

The definitions of marketing provided by managers can be summarized into three categories: (i) promotion, (ii) sales, (iii) customer/market.

Promotion

Managers largely confused marketing with promotion/advertising. In their minds, the former is synonymous with the latter.

Marketing is letting your potential customer segment know what you do and who you are and find those people and bring them back to your company. We try to put ads in magazines. (East, softwood)

We do very, very little marketing. We do that because...one because it is so expensive, two because the company is 85 years old and it is pretty well-known. [interviewer follow up: I have a question here. When you said marketing, what do you actually mean by marketing?] Advertising. (South, Hardwood)

Marketing I think is the promotion and information behind products and processes. (West, Softwood)

Sales

Another way of defining marketing was associated with sales. Study participants commonly equated marketing to sales. To them, marketing was selling the products they made. Although some of them talked about finding customers that fit with the company or “user niches”, sales and selling still dominated their view of marketing.

Marketing to us is getting out meeting the customer, walking in their facility, and then making a match out of that. Does it fit [company name] or does it not? And if it fits [company name] we would put a lot of effort or energy being in front of them. That is more marketing, I think it is more for us. I think it is where we spend our dollars. More in the travel budget than it is in the advertising budget. (West, Softwood)

My interpretation of the word marketing is linking our product to...product placement within a user group I guess. Creating the demand for our products. It is creating the demand or finding the market. (East, Softwood)

Customer/Market-focus

Some managers mentioned customer and market as a component of marketing. Specifically, they emphasized customer relationships, customer satisfaction and market information. Marketing was about understanding the market and meeting customer needs.

My personal interpretation of marketing for our sawmill business is customer intimacy, meaning we really market one customer at a time and we aren't looking for a lot of customers. We are looking to develop a very close intimate relationship with a few customers and to customize our product and our message to fit that customer. So it is not mass marketing. It is very focused marketing. (East, Softwood)

I think marketing...first you have to have a product that you can market, if you don't have something that is marketable, obviously I don't think you can do anything to do that...You gotta know what items are being used and those particular items that are being manufactured out of it... You get into some real particular sometimes on what people wanting to do with the product. So you put up a very specific product for them. And it is special, special only to those few customers, or customer that

you do something very specific...There are very specific requirements. (South, Hardwood)

So our marketing is "keeping our eyes open" I guess, and trying to follow where we think this business is going. Sometimes it is a wild goose chase, but usually we ask them questions that we...and we know enough people that we usually have good information. (South, Hardwood)

That is what we try to connect to our employees; if you are not satisfying the customer you are not gonna have the job, because at the end of the day that is your takeaway. (West, Softwood)

Discussion

As presented earlier, marketing is defined in a context of a planning approach in this study. It is considered as a hierarchical system which consists of marketing culture, marketing strategy, marketing structure and marketing practices (Hansen and Juslin 2005). A holistic understanding of marketing should cover all the components of the system. However, it was not the case that study participants had such an understanding of marketing.

Managers did not view marketing in a holistic and hierarchical, sophisticated, manner. They saw marketing as promotion, sales, or customer/market-focus. Promotion and sales are marketing practices on the functional level. It is the lowest level of marketing hierarchy but most visible and concrete (Webster 1992). Managers could easily think of marketing practices in their daily operations and simply make up their definitions of marketing based on these practices. It was incomplete and superficial and to some extent reflected a production/sales-orientation. By contrast, customer/market-focus is consistent with a market orientation. Marketing definitions under this theme resided on the cultural level of marketing and clearly represented a deeper yet more sophisticated understanding of marketing. Managers were able to go beyond daily operational issues to reveal and articulate the thinking and philosophy behind it. However, this customer/market-focus definition is still considered insufficient, since again, it only emphasizes one component of the complex

system. Among all those interviewed, only one person provided a marketing definition that was close to the one adopted in this study, with a planning approach: “The planning and execution of the strategy designed to provide customer value.”

Missing components in marketing definitions were either overlooked or not considered to be important parts of marketing by the study participants. Also, all study participants were top managers. They had the best knowledge of their own companies and better knowledge about marketing than others in their companies. Therefore, their definitions of marketing should be very close to the overall understanding of marketing in their companies. In addition, it is safe to infer that managers who defined marketing as a culture might just focus on the higher level of the marketing hierarchy and simply forget to address in their answers the lower level components. However, for those managers who only emphasized marketing practices in their marketing definitions, it is unlikely that they and their companies have particularly thought about marketing on the higher level, for example, marketing culture.

Marketing philosophy

The findings associated with marketing philosophy are mixed. The answers from some managers reflected a strong production/sales orientation, while others clearly articulated a focus on customers and market. Besides customers, managers commonly mentioned competitors, employees and the general public as their concerned stakeholders.

Production/sales orientation

Study participants spoke considerably about selling commodities and competing on price. Although they occasionally expressed a focus on the “marketplace”, what it meant to them was obtaining information regarding prices provided by competitors. The importance of raw material was also commonly emphasized. Managers mentioned that the type and quality of the raw material determined the products to produce. Better quality raw material

would lead to “higher yield”, which, from the researcher’s interpretation was most important to them. All of this represents a production/sales orientation.

The barriers to market entry aren’t all that significant. You just have to be a little bit cheaper than the next guy and you can sell into this business as well. (West, Softwood)

It is a company based on prices because they are commodities, they are significantly fluctuating in price. (West, Softwood)

We look at our sales [people], they are as the ears and eyes in the marketplace. So we rely on them and we communicate this, we rely on them to be giving us regular feedback about our competition, about what they are hearing in terms of pricing, you know competitiveness. (East, Hardwood)

Customer/market focus

Regardless of the embrace of a traditional production/sales orientation, there was also an un-ignorable emergence of a sense of customer/market focus. Managers spoke of having good, close relationships with customers as a preferred marketing philosophy. Also, they expressed the importance of meeting customer needs and letting customers drive what they produced. Some particularly emphasized their opinion against the traditional production/sales orientation mentality.

Yea, I think the biggest direction it is going...it is going toward increased intimacy with our customers and I described that in a couple of ways. (East, Softwood)

So what we have to do is to meet our customer needs. We have to be better in some respects. So that is one of the key things we strive on. (West, Softwood)

So there is a continuous tension between customer-driven and supply-driven. But as a customer, if you say what is our goal, we are trying to move towards more and more being customer-driven and minimize the supply-driven side. (South, Hardwood)

Some companies are production-driven and manufacturing-driven. They produce...their operating scenario is dictated by their production staff so they produce what they want and then they send it to marketing and say “sell this.” Whereas we are more along the line of the marketing department tells us what they need and that is what we produce. (South, Hardwood)

Competitors and competition were consistently mentioned by managers. They consciously paid attention to what their competitors were doing and this knowledge was utilized when making their own decisions.

...find out what they are using, what products are out there and what our competition is doing, see if there are any new trends that are coming up. (South, Hardwood)

So having dynamic knowledge, everyday knowledge about what our competition is doing arms us with the ability of making faster better decisions in terms of how we move our product into the marketplace. (West, Softwood)

You know, I watch how the competition is doing. (West, Softwood)

Other stakeholders

Several other stakeholders were commonly mentioned by study participants. First, employees are commonly mentioned. One manager spoke about employees from mainly a philanthropic point of view, with mentioning their efforts of not reducing employees' working hours while reducing production.

So we do try first to think about the customers in our marketing related decisions, but the second group we really try to think about would be our employees, our mill employees, because when we reduce the production, the mills need to run fewer hours, our employees are working fewer hours, and we are really trying to keep enough production to allow who work in our mills to work 40 hours a week. That has been one of our goals. So I would say other than focusing on our customers the biggest group we think about in marketing decisions, production decisions would be our own employees. (East, Softwood)

Others valued employees because of their knowledge and specialty. According to these participants, employees worked for the companies and were intensively involved in company operations and ran and maintained the equipment; therefore they were influential yet important to the companies.

Internally we did a lot of coaching and working with all of our employees to make sure that they know what is meant by sustainability and that we do things at our individual operations that represent sustainability. I am not talking about trees at that point, it is doing the right thing at our operations and hopefully people do the right thing at home, whether it is recycling or

minimizing the use of energy or whatever...Everybody in the company has some stake in our corporate sustainability. (West, Softwood)

Our crew, our employees are super important. There is a lot of high-tech equipment in our facility. We use optimizing scanning equipment to try to get the most out of every board and out of every log. It takes maintenance and detailed routines to keep it operating efficiently and correctly. So our employees are very important to operate the technology and keep it running. (East, Hardwood)

Besides particular stakeholder groups, the general public was also important to the companies. One manager talked about making the lumber industry “cool” with a special focus on younger generations.

I think we are trying to make the lumber industry cool, which is hard to do because it is wood, it is not like you are selling Mercedes. It is wood. How do you make it cool? How do you attract younger people that graduate from colleges who want to go sell lumber. We are trying to make it cool, like this building, we try to make it cool. So we can attract younger people, like downstairs there is a workout room I didn't show you. So we would think, ok, the younger people, what do they like to do. (East, Softwood)

A number of managers mentioned participating in national programs, aimed at promoting the industry as a whole. These national programs were mostly organized by industry associations. Each involved company committed funds to the project and the organizers collected these funds and plan and executed promotional programs with the goal of improving public image of the whole industry, generating demand and enhancing the competitiveness, again, of the industry.

I think we will be much more involved in these programs, like this check-off program, because it is a national program where it is marketing wood in general. I think those...you know...because it is...I think it is what probably will happen. And I think our industry needs it. I think we need to have a campaign to make people aware of what wood is and the fact it is renewable resource. I just don't think they get that. But those types of programs I think are going to help facilitate that. (West, Softwood)

We get involved in a more I call generic marketing...There is broader audience there, that we hope it will shape and influence the overall marketplace, the actual marketplace to use hardwood products. (East, Hardwood)

Interfunctional coordination

There was a lot of communication between marketing and other functional departments, especially with raw material and production. In some cases, marketing had the knowledge of customer wants and needs and thus possessed the power of instructing the other departments about what to do.

And I let them tell the mills what they cut because I know what customers want. And try to find that happy medium. You know there are times that the mills don't want to cut a certain item, but customers want it. You have to find that balance. (East, softwood)

We (marketing) tell sawmills what to cut based on what the customers tell us what they want: thickness, width, grade of the log...So, yes we are in touch with all of them at all times, give them directions on what to use, where...based on what the customers want. (South, Hardwood)

We are seeing demand coming from the market place for certain items. I can go back and tell [person's name]: everybody wants to buy Doug-fir. It is popular and price is going up. If there is any way possible you know, can you reschedule can we put plans together to bring Doug-fir logs into the mills, because I can really take advantage of the situation of the marketplace and make extra money for the company. (West, Softwood)

However, managers talked extensively about communication that either reflected a production/sales orientation or had little to do with sharing knowledge about customers and the marketplace. For example, communication took place between NPD team and the marketing/sales to "inform" the marketing/sales what products were developed.

The other way that they are really brought together is in our product development, whenever we talk about something for product development, we always bring both groups-domestic and export-together. Some products are just naturally more for export, some products are just naturally more for domestic. We

tried to keep the both sales groups informed about what the products were... (East, Hardwood)

Also, instead of marketing/sales telling production what to produce, production told marketing/sales what to sell.

...the sales and production, they communicate on a daily basis just simply because we have loads scheduled to ship, we need to talk to the production area everyday about what is being processed, what is ready, and schedule the trucking, and trying to get maybe additional product into the kiln where maybe we see opportunity to make some sales. So I think the production and the sales interact in a very regular basis. (East, Hardwood)

In addition, companies had monthly meetings, where they talked about sales numbers, finance, and issues within the company, etc. Although these kinds of meetings were a good way of keeping people connected, meeting customer needs was apparently not the reason or goal for them; at least, managers did not mention customer needs when talking about these meetings.

We do right now one meeting a month. It is a formal meeting and we talk about numbers, talk about new customer you brought on. Good things, bad things and what we are gonna do for the following. (South, Softwood)

We have an agenda. We do a financial review. All these people know exactly how we do every month financially. We do a workload. We talk about how things are within all of our different operations for workload. We talk about any projects. These are standardized of review every staff meeting. And then budget and business plan review... So it is a pretty important meeting for us to keep us connected about any issues within the company, that is in the leadership in the company. (East, Hardwood)

Discussion

The findings suggest that the understanding of marketing culture in studied companies was mixed rather than uniform. The lumber business is traditionally production/sales-oriented (Cohen and Kozak 2001). Managers' comments regarding lumber being a commodity and price being essential suggested that companies still had this mentality. These managers and their companies were still dominated by a production/sales-oriented thinking, which is considered obsolete and probably should be discarded by companies

(Cohen and Kozak 2001). Meanwhile, a customer/market orientation also emerged from the data. This supported the notion suggested in the literature that marketing was shifting towards a customer/market orientation in the forest sector (Hansen and Juslin 2005). Companies were more outward-looking and concentrated more on customer needs and market trends. It brings into question what leads to such contrasting marketing cultures across companies. Some immediate speculations are top management background (marketing vs. non-marketing), top management age (young vs. old) and company type (hardwood vs. softwood). However, the results here do not provide specific insights into the presence or absence of these differences.

Research regarding stakeholder groups and stakeholder impact in the forest sector is scarce. However, studies of corporate social responsibility (CSR) in forest products companies are quite abundant (Toppinen and Korhonen 2013, Vidal and Kozak 2008a, Panwar and Hansen 2007). It is widely agreed that CSR in forest products companies mainly includes three set of responsibilities: economic responsibilities, environmental responsibilities and social responsibilities (Panwar 2007). Suggested by Vidal and Kozak (2008), while over the years forest products companies focus more on environmental responsibilities, economic and social responsibilities are receiving increasing attention. The findings also implied companies' concentration on economic and social responsibilities. The two specific stakeholder groups that emerged from the data were suppliers and employees, which were mostly associated with companies' economic and social responsibilities. Then general public was also said to be important when managers talked about the national promotional programs in which they were involved. Environmental responsibilities were just briefly touched on however, for example, when managers explained that the purpose of these national programs was to let people know that wood was a renewable material. It is possible that during the economic downturn companies and managers have more interests in issues and individuals more directly related to profit, which are raw material supply, employee wellbeing and employee efficiency.

As one of the three components of a market orientation, interfunctional coordination requires good communication and synergy among individuals and functional areas in a company. It is critical for creating superior customer value (Narver and Slater 1990). Managers' comments regarding marketing guiding raw material purchase and production were good examples of such integrated functional efforts. In these examples, marketing shared its knowledge of customers and markets with the other two functions; and companies adapted resources and efforts to address market needs. However, it worked in the other direction as well: production could operate independently from marketing in the beginning and made it marketing's task to sell all that was produced. This is a sign of a production/sales orientation. In general, interfunctional coordination was not mentioned often by study participants except when asked to explain how marketing interacts with other parts of the company. This indicated that managers were not strategically pursuing it and probably did not even have much thought about it. In many situations, interfunctional coordination and communication occurred solely because there was an immediate need for it.

Overall, managers were not able to easily describe the marketing culture within their company. It could be interpreted that they did not understand the meaning of marketing culture. In fact, many asked for clarification of the meaning of the question. The interview question being asked here was "What is your marketing culture/philosophy?" Some managers were confused by this question at first. Instead of giving their answers directly, they asked what marketing culture/philosophy meant. It was dangerous to explain it in much detail since one purpose of this study was to learn about how the managers understood marketing and its components. With the researcher providing explanations of these concepts in front, it would be difficult to tell the managers' real level of understanding of marketing. However, to continue the conversation, the researcher had to provide some explanation. Instead of giving much background, the researcher simply changed the question and asked them what the external factors they would consider when making

marketing-related decisions, what the goal/focus of marketing was and if/how marketing department and marketing people communicated with others in the company. These questions were more straightforward so that the interviewees were able to understand and answer them. Also, they brought in little new knowledge which might re-shape the interviewees' understanding of marketing. Regardless of their eventual answers, the fact that they did not understand the original question clearly indicated that these managers' concepts of marketing were not particularly holistic

Marketing strategy

When talking about marketing strategy, managers touched on different aspects of marketing strategy very similar to what was suggested by Hansen and Juslin (2011). All four marketing strategy components (product, customer, market area and core competencies) appeared in the interviews (Hansen and Juslin 2011). However, none of the managers covered all four components in their responses.

Product

When talking about product strategy, managers spoke a lot about differentiation and specialty. Companies differentiated their products by providing special grades. These special grades were said to be of high quality or on the high-end, for which companies were able to charge a premium. Another strategy was meeting specific needs of customers or customer segments by providing a specialty or customized product, for example, a proprietary grade. Furthermore, some companies chose to focus on a market niche where they had competitive advantages.

It is differentiated. We call that a premium grade. Most of those products are wane-free product. So they are differentiated in appearance of it. So a customer...if you go into a Home Depot for instance...you will see a unit of lumber and a customer will go through them...pick through every piece to find that perfect piece. Right? I mean, lumber isn't perfect, we try to make...you know our grade has gotten to the point where we try to make it as perfect as possible so there is little wane on it and we charge a premium for that. Where our construction grade you know

that's just whatever it looks like. It is gonna have wane. (West, Softwood)

The market is...the trend has changed that a lot of people that are using a specific width or length or asking for those and it is can be very specific. So to minimize their waste...if you continue to just try to put it up one way, and it won't fit into the marketplace that way. (South, Hardwood)

We know we make a good product. We know it is on the expensive side, relatively speaking. So we know the kind of person...we are not gonna be able to sell to somebody who is making really cheap furniture and selling it through Home Depot or Lowe's. That's probably not gonna work for us... So we have to go after high-end. (East, Hardwood)

Customer

Regarding customer strategy, managers generally expressed that they were selective in their customers. They either provided the specific customers or customer segments they were selling to, or mentioned they only did business with customers that fit them.

I think first of all our biggest customer is Home Depot, so we are very, very focused on the retail market share. (West, Softwood)

As I said, [company name] has really got two markets: one of construction and the other is I guess repair and remodeling which the decking production would kind of fit into. (South, Softwood)

This is always in development, but we are working more and more to find customers that we call the "right fit"... We have some customers that may use a lot of material but they are...because of the price that they can pay, the mentality, maybe the business they are in, maybe the product they are using, is not a good fit for us. So we have kind of...we are developing a checklist of criteria that makes a good customer fit... (East, Hardwood)

Multiple managers mentioned that their marketing strategy was to sell to distributors or brokers, rather than end users. Their major reason was that these intermediaries were able to purchase larger quantity and were more credible in terms of payment. It was also mentioned that it was not good to have both intermediaries and end users as customers. The reason was that

the end users were the customers of the intermediaries and sawmills would not be wanting to take away their customers' customers.

We are completely distribution focused. That means we sell almost no end use customers. We sell primarily distributors. And the reason for that is there is a couple of reason for it is that hardwood in the U.S. and in Asia always goes to the end users in breakable quantities, smaller than truckload quantity... So the strategy is we have the most powerful friends. When times are bad like they are now in the U.S. economy, the distributors are still buying lumber and paying in 10 days. End users aren't paying at all. And they are only taking a very small amount of lumber, which doesn't help you if you make a lot of lumber that you need to get rid of everyday. (West, Hardwood)

Our marketing strategy is selling through brokers... because we get paid right away because our product makes.... we have some industrial customers that we sell directly to but if we didn't sell that way we would have had a salesman on the road to sell a variety... You can't have a mix either because you will be selling against their customers. (East, Softwood)

We work more and more with distributors because the end-users are not able to take the quantities that they did in the past. (East, Hardwood)

Market area

Market area was not talked about very much by managers as an important marketing strategy. There were only three managers who mentioned market area. However, these three managers had quite similar opinions regarding choosing market area of their companies. All three of them expressed that they preferred a market area close to the manufacturing facility. Transporting products to a place far away would increase price. When they sold to somewhere further away, as said by one of the managers, it was because their products were wanted in that market area.

People who work in our area. Lumber is a heavy commodity, you can't transport very far. So you have to deal with people in your market area. (East, Softwood)

One of my philosophies is that you want to; I call it "owning your backyard". It means I want all the business as close to my facilities as I can get. I don't want to have to transport materials a long way. (West, Softwood)

Geography is one. There is really no sense of doing business in New Jersey, when we know our freight is too... freight cost...we can't compete ... by the time you get the freight on it, the end use product costs more back there. So there are certain places in the country we can't service. There is no sense of us putting a lot of sales time on New Jersey. Some places in TX, some places in South we can do it, because they've got a reason; they want our wood for a reason. (West, Hardwood)

Core competencies

Quality and price were the two mostly frequently mentioned company core competencies. Managers considered their products to be favored by their customers because of the high quality. Appearance and drying were mentioned as the two important quality features.

Because I think our whole thrust is that we want sell on something other than price. Because it doesn't matter who you are, somebody will always have a lower price. You have to sell on something besides price. So you know ever since I have been involved in a company. It has always been that we have high quality product. That is the image I think we always want to have. (East, Hardwood)

It is the quality of our product that is important. The quality includes getting the moisture content of the wood where the customer wants it. The planing appearance so that it meets the expectations, it is in the form that a customer wants. And lastly, within the grades, we provide wane free lumber as a niche. If you buy dimension lumber, you are likely to find wane on the wood. We don't do that. We have a lot of customers that ask for our product, solely because of the quality of the product that we put out. (East, Softwood)

So they have done a great job of making sure the manufacturing is the highest quality and our drying process is done with the highest quality. (South, Hardwood)

Also, with a production-oriented mentality, price was considered as an important core competency.

Again, because we are making commodity products, there is more need to ensure your competitiveness cost-wise, than there is to have an intricate marketing strategy. (West, Softwood)

It is an ultimate commodity. It is like corn or rice or whatever, it is just price, price, price. If you are selling corn, they don't even care who made it. They are just, it is corn. (West, Softwood)

Discussion

Mintzberg (1994) claims that strategies can emerge within the organization, rather than being formulated intentionally by top management. Menon (1999) refers to it as “incremental planning”. The findings of product strategy in this study especially echoed this notion. Although there were companies talking about lumber being a commodity and price being the key when answering the marketing culture question, few claimed a commodity product strategy. It is possible that these managers focused on other strategic decisions of marketing and forgot to mention product strategy, since none of the managers really covered all four decisions of their marketing strategies. Nonetheless, it is also likely that in these companies there was nothing truly strategic about selling a commodity product. They were just doing what had always been done: selling the products they had. In contrast, those companies who had a differentiation/specialty product strategy were planning it quite deliberately.

Customer selection is considered a very important marketing strategy decision, especially in customer/market oriented companies. Different customers have different needs. It is difficult for a single company to satisfy a broad range of customers effectively (Shapiro 1988). It is important to map out certain known end-users and make them the key customers of the company (Hansen and Juslin 2011). This emerged as a theme of customer strategy in studied companies. Managers expressed that they were selective in their customers and also listed their target customer segments. However, some managers pointed out that their customer strategy was to do business with distributors and brokers, primarily for quantity and payment considerations. These companies who sold through intermediaries had the risk of not reaching the end users and not knowing their needs.

Market area did not appear to be an important strategic decision to the managers. The only three managers who talked about it simply saying that they chose the market areas close to manufacturing facility for the purpose of saving transportation costs. This differs from the typical production-oriented market area strategy which is as many countries/regions as possible, but it is a question that if transportation cost should be the only factor to think about when choosing market areas. One interviewee did mention that they chose a market area further away because their products were wanted there specifically.

According to the resource-based view, company competitive advantages come from the rare, valuable, inimitable and non-substitutable resources possessed by the company. These resources could be either tangible or intangible (Barney 1991). In the forest sector, examples of tangible resources are raw material quality or right species and dimensions of raw materials, while intangible resources can be personnel experience or human resource management skills (Lähtinen et al. 2008). In this study, quality and price emerged in the data as core competencies of companies. These two core competencies are both associated more with tangible resources and the possible competencies generated by intangible resources were largely ignored. The focus on tangible resources for competencies development is suggested to be linked to a production-oriented mentality (Toppinen et al. 2013).

Hansen and Juslin (2011) suggest that a marketing strategy involves four strategic decisions: product, customer, market area and core competencies. None of the managers managed to cover all four decisions in their answers. Most of them just talked about one or two strategic decisions. This indicated

that there was a lack of comprehensive understanding of marketing strategy in the studied companies.

Changes in marketing

Managers spoke extensively about changes in marketing in their companies, including what already took place and what was expected to happen in the future. Some managers particularly emphasized that the economic recession had a big impact on marketing. In general, the subthemes commonly mentioned are the following: (i) customer orientation, (ii) export, (iii) diversification, (iv) target market change, (v) promotion, and (vi) internet.

Customer orientation

Marketing was suggested to become more customer-oriented, instead of production- and sales-oriented as a result of the recession. While before the recession companies produced what they could/want to produce and relied on the marketing/sales to sell these products, they are now more aware of customer needs. Meeting customer needs was more important than making large volumes of low-priced commodities.

So there is a continuous tension between customer-driven and supply-driven. But as a customer, if you say what is our goal?, we are trying to move towards more and more being customer-driven and minimize the supply-driven side. (East, Hardwood)

In the past, you just make as much as commodity dimension as you could, as cheaply as you could then marketing had to sell whatever you sent them. Now we tried to send marketing what they want. (South, Hardwood)

The second way we changed our marketing to become closer to the customer is to increasingly be making a unique or proprietary grade of product just for that customer that fits that customer really well. (East, Softwood)

Companies also became more “flexible” and “tolerant” of customers’ requests. Managers expressed that years ago when the market was better they were able to sell everything they produced; so if a customer had a special request they would probably not be willing to meet the request. But they became more willing to fulfill these requests from customers. Also, they had to accept and

tolerate some of the customers whom they would choose not to do business with when they had enough customers in the past.

And the big change if you back up more than 10 years ago would be...our mills would have been more likely to not offer to do that. If a customer asked, we would not be willing to do that. So the customer in the old days had to just buy what the mill made. The mill wasn't really sensitive to what would work better for the customer. We've become a lot more sensitive to what the customer would need and try to create a customer-centric business where our mills are really flexible to make a bunch of different type of products that fit what the customer wants really well and hopefully better than any other mill could do it. That's how we want to make our business unique or different. (East, Softwood)

We are probably more willing to do some certain things. Width wise. We are ripping the width and stuff that we weren't doing before. We are looking other ways to enhance the value of our product. We will separate lengths...we probably have, communicate with our customers maybe even more regularly during a bad time than during a good time. (South, Hardwood)

...in 04 and 05, our lumber virtually sold itself. There was so much business. We would literally pick and choose... If people were even a little bit late, we would say "look, we don't need this kind of crap, you owe us the money, you are late..." We had enough business, we can be choosing...Now, we are really having a hard time, a lot of weeks moving our lumber, we have to relax our standard...we will tolerate...because we have to, we will tolerate that kind of stuff today than we would not have to 5 or 6 years ago. (West, Softwood)

Diversification

Managers also mentioned that they tried to diversify themselves in order to survive. They diversified their product lines and produced a broader variety of products; they also tried to diversify their markets. Companies did this to seek for more opportunities in different markets. This also helped to minimize risk: if there was a downturn for a certain product or a certain market, the companies that diversified themselves would always have some business with their other products and/or in other markets.

Most of these companies have really evolved from a very focused market, becoming very diversified. You know it is really a matter of survival, push them to do that. (East, Hardwood)

So five years ago we only made 2x4, 2x6, you know like four different items, and now we have to make a whole bunch of different items just to keep that fiber moving. (East, Softwood)

We will try to continue to diversify our markets, and try to get more people on the east coast... (West, Hardwood)

However, some managers had the exact opposite opinion. Instead of diversification, they advocated for a narrower and more focused business. They suggested that having fewer product lines was more efficient from the production point of view. It was also easier to plan, compared with a more diversified business. In addition, it was more cost-effective.

Now the thing is coming back. We are trying to minimize our skills again [researcher interpretation based on the conversation context: by “minimize our skills”, this person means narrow down product lines]. So we can get good efficiency at just those things. We have to make decisions lately what to get rid of. So those customers have to go elsewhere to buy those products. We made those decisions since we see the forecast. The next four to five years will be better than the past five. Because as I know, from a manufacturing standpoint, the more you can do of one item, the more efficient you can be. Plus you can plan better. So everything seems easier and better and more efficient if you can make fewer things. Easier for planning. (East, Softwood)

I think it will become more focused. I think our amount of spending and our amount of emphasis will probably not change, but there are a few of our businesses we will probably spend less money on and less effort on. And that same money and effort will be transferred to a more focused one that has value. (West, Softwood)

Export

One big change in marketing for many companies was moving towards export markets. Traditionally, these companies primarily focused on the U.S. domestic market. However, as explained by the managers, due to the shrinkage of the U.S. market and emergence of markets overseas, export markets have gained growing importance in their business.

Then the second big impact that the recession had on our marketing is that we had to really become aggressive about looking for export markets. Prior to the recession, much more of our business would have been in the United States. What has been happening since the housing recession in the United States is our export business has been growing. So we are making less lumber and we are exporting much more product than we would have been prior to the recession. (East, Softwood)

Well, if things continue as they are, I think exports will be a bigger and bigger part of our business. Just so much manufacturing going on overseas. (East, Hardwood)

And none of those people are there making furniture anymore. They are all gone. So instead of being... this big order where you go....the bigger orders that are taken today are done overseas. You go to China and you may take 100 container order, something like that...it is a smaller group of customers that we deal with domestically and we, we are trying to push the export side as much as we can, because that is where the market is really. Not so much here in the U.S. anymore. It is really overseas...That has really changed dramatically. (South, Hardwood)

Only the fact we have gone much heavier export. We had to go much heavier to export. (West, Hardwood)

A year ago, we hardly had any business in China, maybe a year and a half we start to get business. Now there is tremendous market force and we have toif stuff like that happens, we've got to be willing to change gears. (West, Softwood)

Promotion and internet

Due to the downturn of the economy, companies reduced their advertising budget. They eliminated advertisements in newspapers and magazines. They went to fewer trade shows. They cut all these promotional activities simply because they no longer had enough budget for them.

...the recession...we have reduced our advertising dollars. (West, Softwood)

The biggest area that we cut back is print media, which is putting an ad in a magazine. (West, Softwood)

we probably reduced... we did...we actually reduced some of the marketing and some of the marketing was publications we

had a long-term relationship with and we probably weren't as critical about whether they were effective or not and just kind of did it every year. (East, Hardwood)

You would think so, but if you don't have money. You have to find ways to cut back. What ends up getting cut is the marketing side of it. You know, some of those things were very high expenses....to pay for those campaigns and those brochures and those different things that we did. (West, Softwood)

However, managers commonly mentioned the increasing importance of the internet. Although with a tight budget companies reduced advertisements in magazines and other print media, they invested more in developing/upgrading their websites.

We put a whole new website up, which is expensive but we are in this for long-run, the company is not going anywhere. (East, Softwood)

But we started back doing more through the internet, that type of thing. You can go out and put something on... a link to one of our customers. They will link to our website. That type of thing. But like I said, we are right now in the process of looking at overhauling our website, and upgrading it. It is more user friendly. So that itself is a huge cost. (West, Softwood)

Another way in which the internet became more important was associated with e-business. Traditionally, most lumber business is done in person and over telephone. Lately, there was a trend towards internet-based business.

The internet is a whole lot more active than it is used to be. I know, on the HW Review, you can list your product on HW Review that you won't on the internet part that you wish to sell. That is probably something that we ought to be looking at. We have looked at but we just haven't embraced it totally yet. We have been more person to person, just like you and I right here. It is one thing to talk on the phone, it is something else to sit across a desk from somebody and look at then in the eye. (South, Hardwood)

A lot of newer, the younger customers tend to business via the internet. Now the big companies, like we sell some lumber to Menard's, which is a large box store. They do business very differently in that...it is...electronically. We go to their website. Tell them when the load is gonna be shipped, when it is gonna

arrive. So we give them a lot of information via their website. So [person's name] doesn't get involved in that kind of thing. He gets involved in his old handshake kind of customers that he has done business with a long time. A lot of business is done over telephone. That is the way it is used to be done but is migrating more towards internet-based application. (East, Softwood)

We will probably eventually have more e-commerce if you will. We will have more wire transferred money, more e-billing, that sort of thing. Most everybody in this business still has some kind of paper trail. Not everybody but... Those softwood people who sell Home Depot and Lowes, they've got their much more advance in e-commerce than our distributors but I am sure that will evolve over time. (West, Hardwood).

Discussion

The findings support what is suggested in the literature that marketing in the forest sector is shifting towards a customer/market orientation (Toppinen et al. 2013, Hansen and Juslin 2006). It could be inferred that some companies were making such a move proactively, while others indeed were forced to make this change. This difference was also sensed during the interviews from the way in which study participants explained the changes made: the assumption here is that those managers who were positive about this topic were from companies that were proactively making changes, and the managers who were not so positive about this topic were probably from companies that were forced to make changes. For the latter ones, identifying and meeting specific customer needs almost felt like an unwelcome burden to them.

Nath et al. (2010) suggest that the reasons for diversification mainly include greater target market, risk reduction in terms of diversified business portfolio, and capability building. There are perceived benefits associated with diversification which is expected to have a positive relationship with firm performance, although empirical studies provide mixed evidence indicating this relationship can be either positive, negative or curvilinear (Nath et al. 2010, Narasimhan and Kim 2002, Tallman and Li 1996). Managers' views towards diversification were mixed as well. Diversification by itself is hard to

be judged as beneficial or detrimental to businesses. Before diversifying their businesses, it is important that managers have a good understanding of their company context, the specific reasons for diversification and expected outcomes in the long-run.

Growing export business was a way in which companies diversified their business areas. It was coded as an independent subtheme since export was mentioned extensively by managers. Due to the economic downturn in the U.S. domestic market, companies started to seek opportunities overseas, especially in Asian countries. However, there were barriers for these companies to pursue export markets. Such barriers listed were language, culture and different ways of doing business. Also, it was not clear that if companies were pursuing foreign markets for a long-term consideration or just temporarily during the economic downturn.

The internet has become increasingly important in daily life. It threatens the traditional paper media and becomes people's major source of information. Internet has become more important to businesses as well. Although companies largely reduced budgets for advertising in print media, they increased their spending on company webpage development. Also, the internet was considered a preferred channel of doing business. In addition, a couple of companies mentioned their growing interests in using social media, e.g. Facebook, as a tool of marketing. It could be expected that the lumber business in the future will rely more on the internet, rather than being done in-person or over the telephone.

Cross-company comparisons

As mentioned previously, the focus of this study is "marketing sophistication" phenomenon rather than individual companies. However, after an overall observation and examination of the data, differences emerged among companies separated them into three groups based on their marketing

sophistication: Pioneer, Follower and Idler. The Pioneers continuously attempted to seek out ways to meet customer needs and exploit market opportunities. They were market-oriented and were willing to make changes. Being less sophisticated, the Followers also addressed customer needs but were mostly in a responsive way. They had some market-oriented thoughts but were still mainly production/sales oriented. Finally, the Idlers were not willing to make changes to respond to customer needs. When the market was down, they just simply waited for it to become better without doing anything differently. They were the least market-oriented among the three groups. Most of the studied companies fall into the Follower groups. This indicates that a general pattern among the forest products industry companies being mainly a production/sales orientation with some emergence of a customer/market orientation.

Also, the sawmilling companies manufacturing hardwood lumbers are generally more sophisticated in their marketing than the ones manufacturing softwood lumber products. For instance, managers in hardwood sawmilling companies seemed more enthusiastic about product differentiation and customization. It may be that hardwood products had more potential to differentiate than softwood products, especially dimension lumber. However, it is worth thinking of that if the product itself is the only place where companies can make a difference.

Conclusions

The results suggest that the studied companies did not have a holistic understanding of marketing. When talking about the definition of marketing, they tended to emphasize marketing practices occurring in their daily operations and ignore the thinking and planning behind them. Also, many of them were not able to provide a clear answer to the question “What is your marketing culture/philosophy?” before receiving further explanation from the

researcher. This brings up the question that if these companies have had much thought about how they should approach marketing and if they had a marketing culture/philosophy that guided their marketing strategy and practices. It is possible that the thinking and planning part of marketing is more abstract and thus more difficult to articulate. Otherwise, an enhanced understanding of marketing would benefit the firms, since it helps managers develop a marketing system with internal consistency and thus works more efficiently.

Although a production-oriented mentality still largely persists, it is quite clear that many of the studied companies started to pursue an outward-looking, market-oriented approach of marketing. Customer value and satisfaction have become increasingly important and were considerably emphasized on the company websites and by the interviewees. The literature suggests that there is a positive relationship between a market orientation and firm performance. The firms are on the right track to becoming more market-oriented when customer needs are getting more and more complex. It should be noticed that in many situations being able to address specific customer needs requires additional knowledge and capabilities. Firms need to carefully think about what they can do before making plans for action. Also, they should continuously learn about the market and develop their business know-how.

Several changes made in marketing were talked about frequently by managers. However, it was unclear that if these changes were made due to long-term considerations driven by a market orientation or were quick responses to the economic downturn which could be just temporary. For the long-term survival among competitions, it would be important for firms to have a long-run perspective in order to distribute and utilize resources efficiently and effectively.

This research investigates marketing sophistication in studied firms. The study phenomenon and some of the interview questions are quite abstract. Thus, it could be a challenge for the managers to articulate clear answers in some situations. Also, this research is qualitative in nature and is not aimed at generalizing to any population beyond the study sample. In order to make a more general conclusion, a larger scale study is needed.

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CHAPTER 4 –THE ROLE OF MARKETING IN THE PRIVATE U.S. SAWMILLING COMPANIES

Abstract

As companies become more market-oriented, the role of marketing in the companies becomes increasingly important. This study investigates the role of marketing in the private U.S. sawmilling companies from two perspectives: the functional group perspective and the activity-based perspective. Data were collected from 20 firms via personal interviews, website information and field notes. The results indicate underdeveloped thoughts on the organization and implementation of marketing in the companies. For example, many companies had a “marketing department” that was in fact a sales department performing sales work. A better understanding of the notion can potentially benefit the implementation of marketing in forest products industry companies. Also, a sales-oriented mentality largely exists as *selling* was the most emphasized marketing activity. Other marketing activities such as *marketing information management* and *product development* need to be further developed in the companies.

Introduction

Marketing is everything and everything is marketing. (McKenna 1990)

Marketing’s future is not a function of business, but is *the* function of business. (Hacckel 1997, p. ix)

Recent research in the general marketing literature documents that marketing is evolving from a production/sales orientation to a customer/market orientation (Tadajewski 2009, Stoddard 2007, Narver and Slater 1990). During the early years when market demand was simple and homogenous, marketing was production/sales-oriented. The task of the company was just to produce large quantities of a commodity and then it was the sales people’s job to convince the customers to place orders. Marketing was just a selling

tool and was performed by the sales people. As customer demand became increasingly complex, it became more important for the company to have a better understanding of what customers really needed and provide products and services that meet these needs accordingly. Thus, they needed to change their mentality and focus more on customers and the marketplace (Webster 1992). Also, marketing started to become the job of everyone in the organization instead of the work for a group of specialists (Webster 1992, Narver and Slater 1990).

It is beneficial for marketing to obtain involvement of other relevant functional units in marketing activities and this dispersed marketing approach is suggested to increase the performance of the organization (Krohmer et al. 2002). Consequently, the boundary between marketing and other functional departments continues to blur. Some research on marketing organization documents that marketing is on the decline as a standalone function and firms are reducing the size and resources associated with formal marketing entities (Moorman and Rust 1999, Varadarajan 1992). Others maintain that a strong marketing department is important and will induce a market-oriented culture (Verhoef and Leeflang 2009, Piercy 1998).

These different opinions represent two distinctive organizational types: a functional marketing organization and a marketing process organization. With a focus on the functional group perspective, a functional marketing organization will likely have a group of specialists (e.g., the marketing department) responsible for marketing activities; leaning towards the activity-based perspective, a marketing process organization has its marketing responsibilities dispersed across nonspecialists in the organization. There are suggested advantages for both organizational types. For example, the functional marketing organization has a higher potential to develop specialized marketing capabilities, whereas the marketing process

organization is more efficient in cross-functional information sharing and coordination (Narver and Slater 1990, Thompson and Strickland 1983).

This chapter does not focus on whether there is a trend of diminishing marketing function in the organization, nor determining which type of marketing organization is better. That is not the question to ask here. Rather, this chapter takes into consideration both the specialized marketing group and activities related to marketing and aims to gain a better understanding of how marketing is organized and implemented in the context of private U.S. sawmilling companies. There are two reasons for examining marketing along these two different dimensions: (1) The marketing group and marketing activities are both important aspects of organizing and implementing marketing in a company; (2) it allows the researcher to examine the organization and implementation of marketing from both the structural and nonstructural point of view and thus obtain a more holistic understanding of it.

To respond to the ever-changing market environment and customer demands, marketing is gaining increasing importance in forest products companies (Hugosson and McCluskey 2009, Hansen and Juslin 2005, Niemelä and Smith 1996, Bush and Sinclair 1991, Rich 1986). Similar to the general marketing literature, the forest products marketing literature documents a change of marketing philosophy and strategy from a production/sales orientation to a customer/market orientation (Toppinen et al. 2013, Hansen and Juslin 2005). Marketing has also been changing within organizations (Homburg 2000, Webster 1992). However, little research effort is invested in looking at how marketing is organized and implemented in these companies. To fill the gap, our research questions are as follows:

- How does marketing fit in the organization as a management entity?
- How is marketing implemented as tactics and activities?

This chapter is based on qualitative data collected through field visits and website analysis of private U.S. sawmilling companies. The purpose is to obtain an in-depth understanding of the study phenomenon rather than to make generalization to any population beyond the companies. Looking at marketing in the context of the studied companies through both a functional group approach and an activity-based approach allows a better understanding of the structural and nonstructural role of marketing. This can provide industry managers with insights to better manage marketing in their companies and compare their efforts with peers. For researchers, an enhanced understanding of the role of marketing as suggested by industry managers should assist developing improved framework of studying marketing in an organization.

Theoretical background

During the past two decades, there has been growing discussion on how the organization and implementation of marketing in the context of an organization. Topics that revolve around this research agenda include the role of marketing and how it has been changing (Moorman and Rust 1999, Webster 1992), the interface and relationship between marketing and sales (Homburg et al. 2008; Workman et al. 1998), the capabilities of market-driven organizations (Day 1994) and marketing's influence within firms (Verhoef and Leeflang 2009, Homburg et al. 1999). Among these authors, two primary perspectives emerged when investigating marketing within a firm: the functional group perspective and the activity-based perspective. The functional group treats marketing as an entity in the organization, while the activity-based perspective focuses on the activities traditionally and generally considered as marketing and sales activities (e.g., selling, advertising, product development). These two perspectives, as study approaches, are not mutually exclusive nor do they contradict each other. Instead, they enable researchers to examine marketing in the organization through glasses with different colored lenses and obtain a better understanding of the phenomenon (Workman et al. 1998).

The marketing entity in organizations

Commonly referred to as “marketing function”, “marketing department” or “marketing organization”, marketing as an organizational entity can be very different from one company to the next. Piercy (1986), in his work on the marketing department and the Chief Marketing Executive in medium-sized companies in the UK, finds that less than half of the studied companies have a formally organized department with a group of specialized employees performing marketing responsibilities. These departments have different names, including marketing department, marketing sales department, marketing development and sales department. Although more than half of the studied companies are without such a department, some of them have one chief executive carrying out some responsibilities that could be categorized as “marketing”, such as promotion and advertising. He maintains that such a difference could be associated with company size and the companies that have a formalized department for marketing are bigger companies. For the companies that have a formally organized department for marketing, it is also identified that the integration of various functions (e.g., sales, advertising, customer service) are different from firm to firm. For example, sales is a part of marketing in some of the studied companies while as a separate department in others (Piercy 1986). Besides the presence and constitution of the marketing entity, its size is also found to vary among companies (Hooley et al. 1984, Piercy 1986).

Wind (1981) suggests that many marketing decisions are influenced by other functional departments while at the same time other decisions in a firm are influenced by marketing considerations as well. The marketing entity should not be an isolated function in an organization. The coordination between marketing and other business functions are essential for the company to provide superior customer value and stay competitive in the marketplace. The interfunctional characteristic of the marketing entity is a central aspect of a market orientation, which is a phenomenon studied extensively over the past

20 years with the general agreement that marketing orientation is positively related to firm performance (Krohmer et al. 2002, Narver and Slater 1990, Kohli and Jaworski 1990). There is abundant research illustrating that the interaction and collaboration between marketing and other departments such as R&D and manufacturing are important to the firm (Krohmer et al. 2002, Griffin 1996, Crittenden 1992, Gupta et al. 1986). For instance, Griffin and Hauser (1996) suggest that well-conducted market research and a clear understanding of customer needs will contribute to successful product development. They maintain that customer needs are closely linked to design attributes and thus the joint consideration of marketing issues, engineering issues and technical issues are encouraged. Also, market information and marketing research should be used by other departments besides marketing and new product development should be an interfunctional process (Griffin and Hauser 1996). In the empirical research conducted by Kahn and Mentzer (1998), marketing's collaboration with manufacturing and R&D is also found to improve product management performance and overall company performance.

Recently, research attention on the marketing-sales relationship started to expand (Biemans et al. 2010). There is increasing discussion on how marketing and sales are organized within the firm and the communication and collaboration between marketing and sales (Homburg et al. 2008, Rouziès 2005, Workman et al. 1998). Marketing and sales can exist in a firm as separate functional units (Workman et al. 1998) or a single entity (Kotler et al. 2006). The collaboration and power position between the marketing department and the sales department also vary among firms. Biemans et al. (2010), in their work on the marketing-sales interface in B2B firms, examine marketing-sales configurations employed by B2B firms. They suggest a continuum demonstrating an evolutionary perspective of marketing-sales configuration, from sales-dominant with very little marketing to marketing and sales in a relatively equal position with an integrated interface and close collaboration. Firms may move along this continuum as their size increases.

In another seminal study, Homburg et al. (2008) consider the marketing-sales interface to be constituted by five conceptual domains: information sharing, structural linkages, power distribution, orientations and knowledge. They point out that the successful marketing-sales configurations normally encompass an intense use of structural linkages with a clear but not extreme power distribution between marketing and sales, high market knowledge within the marketing unit, and a long-term orientation of the sales unit (Homburg et al. 2008).

In the context of the forest products industry, Sinclair (1992) lists four types of marketing organizations that have been commonly adopted by the forest products companies, which are function-based organizations, market-based organizations, geographic-based organizations and product-based organizations. Sinclair (1992) points out that the functional based organization is a more centralized and simple structure, with all functional areas reporting to a chief executive. Depending on the specific structure, this type of marketing organization can be either marketing dominant or sales dominant. As the company grows and the diversity in its product lines increases, more decentralized organizational structures are preferred (Rich 1970). Compared with the function-based organization, a market-based organization, a geographic-based organization and a product-based organization are more decentralized structures.

Marketing as activities and practices

Marketing activities are discussed under different terms, such as marketing functions and marketing capabilities (Borden 1984, Day 1994, Leonard 2002). Defined by Hansen and Juslin (2011), marketing functions are “those mechanisms or tools that allow a company to carry out its chosen marketing structures”, while Day (1994) describes marketing capabilities as “complex bundles of skills and accumulated knowledge, exercised through organizational processes, that enable firms to coordinate activities and make use of their assets”. Although these terms are not synonymous with each

other, they all focus on the practices and processes that a company adopts to carry out marketing strategies and achieve business goals (Moorman and Rust 1999, Day 1994). Marketing activities can be allocated to the marketing department as well as to other business units in a firm and the allocation of activities varies across firms (Workman et al. 1998, Varadarajan 1992).

The most well-known approach to understand and categorize marketing activities is the “marketing mix” that consists of 12 items which are considered “important elements or ingredients that make up marketing programs” (Borden 1984). The 12 items cover the major areas of marketing activities that are involved in the business process of a firm (Table 4.1). For pedagogical reasons, the list of the 12 variables was shortened and reconstructed into a four-variable framework by McCarthy (1960). Known as the famous “4P” nowadays, the framework includes four components which are product, price, place and promotion. Some Advocates of “marketing mix” and “4P” also suggest that service should be added to the framework (e.g., Collier 1991).

Table 4.1. “Marketing Mix” (adopted from Borden (1984))

Variable name
1. Product Planning
2. Pricing
3. Branding
4. Channels of Distribution
5. Personal Selling
6. Advertising
7. Promotions
8. Packaging
9. Display
10. Servicing
11. Physical Handling
13. Fact Finding and Analysis

Based on the “marketing mix” framework, a group of researchers provide categories of marketing activities from a capability perspective, meaning, the marketing activities that a firm “should” be able to perform appropriately in order to be competitive and achieve business performance (Vorhies and Morgan 2005, Day 1994). Day (1994) groups marketing capabilities into three major categories: *inside-out*, *outside-in* and *spanning*. *Inside-out* marketing capabilities mostly focus on the “inside” of the organization and are “activated by market requirements, competitive challenges, and external opportunities.” *Outside-in* marketing capabilities connect the company with its external environment. Taking the external environment into consideration, the company defines other capabilities and is able to compete in the market by anticipating market needs and developing and maintaining important relationships. *Spanning* capabilities bring the Inside-out and Outside-in capabilities together. Each of the three categories includes multiple items. In a similar vein, Vorhies and Morgan (2005) synthesize the literature and the findings from their fieldwork and suggest eight marketing capabilities which are considered important to achieve good business performance: (1) product development; (2) pricing; (3) channel management; (4) marketing communications; (5) selling; (6) marketing information management; (7) marketing planning; (8) marketing implementation. As previously mentioned, the notion of marketing capabilities is somewhat different from marketing functions, but they both look at marketing at the operational level and normally cover similar areas of marketing.

According to the textbooks in forest products marketing written by Hansen and Juslin (2011) and Sinclair (1992), the marketing activities that are adopted in the forest products industry are quite similar to what are suggested in the general marketing literature. There is also empirical research examining marketing activities in forest products companies. Researchers tend to focus on a particular marketing activity and examine how it is implemented in companies. New product development/product innovation is frequently discussed by forest products marketing researchers and is suggested to be

an important source of firm competitiveness (Hansen and Bull 2010, Stendahl et al. 2007, Bull and Ferguson 2006). Under the umbrella of marketing communication, advertising (Hamner et al. 2012, Tokarczyk 2012, Ozanne and Vlosky 1997, Kärnä and Hansen 2002), corporate social responsibility (Vidal and Kozak 2008, Toppinen et al. 2013, Panwar and Hansen 2007, Han and Hansen 2012), and trade shows (Shi and Smith 2012, Smith and Smith 1999) also attract a fair amount of research attention. These studies provide knowledge of the particular marketing activities that they focus on. However, there is little empirical research examining how various marketing activities are implemented in forest products industry companies.

Overview of the two perspectives

The marketing entity and the marketing activities constitute two distinctive dimensions of marketing organization and implementation in a firm. Taking a look at both dimensions generates complementary knowledge and provides a clearer and more holistic picture of the role of marketing in an organization. These two dimensions are also related to each other to some extent. Taking the marketing entity's standpoint, its positions and possible sub-units are separated and defined by their duties, which consist of the activities they should perform. Without the designation of duties and activities, the positions and sub-units are nothing more than void organizational terms. Similarly, the marketing activities have to be assigned to and performed by individuals and groups, otherwise they are just business tasks hanging around meaninglessly. Therefore, concentrating on one of the two dimensions does not mean to disregard the other. Instead, no matter which dimension is taken, the counterpart also needs to be considered. Such interweave will also appear later in this chapter when the results are presented and discussed.

Methods

Case study

As a research method, the case study is widely used in research across disciplines (Creswell 2007), because it is able to provide a deep and holistic understanding of a simple or a complex phenomenon. The case study is often considered very well suited to the early stage of research or research areas where existing theory seems inadequate and a new perspective is needed. Many believe that case studies should only be used for the exploratory part of research to develop more structured tools for later stages of the study (Rowley, 2002, Eisenhardt, 1989). Rowley (2002) broadens the scope of the application of the case study method by advocating that case studies can be applied for a variety of research and are especially good at answering 'How?' and 'Why?' types of questions. More specifically, Yin (2009) gives a technical definition of case studies, illustrating five major points of a case study:

As an empirical inquiry, a case study (1) investigates a contemporary phenomenon in depth and within its real-life context, especially when, (2) the boundaries between phenomenon and context are not clearly evident. A case study inquiry (3) copes with the technically distinctive situation in which there will be many more variables of interest than data points, and as one result, (4) relies on multiple sources of evidence, with data needing to converge in a triangulating fashion, and as another result, (5) benefits from the prior development of theoretical propositions to guide data collection and analysis. (Yin, 2009, p. 18)

Based on Yin's (2009) definition, theory development prior to data collection is essential. Preliminary theory development and the propositions created based on the theory developed will provide strong guidance for the whole research design, including data collection and analysis (Yin 2009). For some topics, however, existing knowledge is not sufficient to provide good theoretical statements. And thus, an "exploratory" study is likely needed. In this case, at least a fine understanding of what to explore, the purpose of the exploration, and how to judge the success of the exploration should be formed at the beginning of the study (Yin 2009).

Others argue for a theory-after-research model, especially for theory-building case studies (e.g., grounded theory case studies) in which researchers will find and develop a theory from the data obtained by conducting the study (Creswell 2007, Leedy and Ormrod 2005). They maintain that preconceived theoretical assumptions should be avoided in grounded theory case studies since theory is the “outcome of the research” (Mitchell and Cody 1993). In a similar vein, Eisenhardt (1989) points out that theory-building research should start with little-to-no theory, since “preordained theoretical perspectives or propositions may bias and limit the findings.” Instead, researchers are carefully advised to begin with some research problems or issues for study, then develop a research plan and immediately start data collection. By analyzing the data carefully and constantly considering what is uncovered from the data, researchers finally would be able to provide some theoretical implications for the phenomenon being researched (Berg 2008).

Yin (1993) also identifies three types of case study, based on research purpose: exploratory, descriptive and explanatory. Exploratory case studies, as the traditionally well-acknowledged case study type, are often conducted to define research propositions for further investigation; descriptive case studies are used to provide specific and accurate description of a phenomenon; explanatory case studies seek to provide explanations of the link between an event and its effects. The focus of an exploratory case study is normally quite broad and does not aim at answering any specific questions. With different purposes, both descriptive and explanatory require specific research questions and propositions formulated prior to conducting data collection. They also demand a more established theoretical framework at the beginning of the study, which is not essential and probably not preferred in exploratory case studies. However, these three types of case studies are not always mutually exclusive. Sometimes, more than one type could be found in a single case study with multiple research purposes (Yin 1993).

Case studies are sometimes being viewed relatively weaker than other social science methods. Major concerns about case studies include lack of rigor and little basis for scientific generalization provided, etc. However, case studies have many advantages over other research methods, when being carried out appropriately. Yin (2009) suggests that a unique strength of the case study is “its ability to deal with a full variety of evidence-documents, artifacts, interviews, and direct observations.” Compared with surveys, another widely used method in social science and in business research, case studies allow researchers to investigate the phenomenon more in-depth and from various points of view. Also, case studies can examine concepts and variables that are not easy to quantify and thus are hard to study using survey methods (Ghauri and Grønhaug 2002, Bonoma 1985).

The purpose of this study is mainly exploratory. Theories in the general marketing literature are borrowed to provide preliminary understanding of marketing sophistication. Also, “case study” here is referred to as a framework collecting and documenting evidence about marketing sophistication. The “case” of interest in this study is the phenomenon “marketing sophistication”, rather than individual companies.

Sample

This study tended to follow a theoretical sampling approach and studied the companies in which good marketing sophistication is “transparently observable” (Eisenhardt 1989). Private U.S. sawmilling companies with multiple facilities were considered cases that represented strong and positive examples demonstrating the central phenomenon of interest in this research, which is marketing sophistication. The specific reasons are: 1) Private companies tend to be less hierarchical than public corporations and can be more efficient in making and executing marketing decisions, 2) Companies with multiple facilities are likely to be larger in size compared with those with single facility and have the resources necessary for more sophisticated marketing. Taking sector variation into consideration, these cases included

both softwood sawmilling companies and hardwood sawmilling companies. These companies covered different regions of the U.S., namely, West & West North Central, East and South.

The USDA Forest Service divides the 50 states in the U. S. into nine regions, according to their geographical location and forest resources (Figure 3.2). Each of the nine regions has a regional forester who reports directly to the Chief of the USDA Forest Service. The utilization of the forests and related social programs are carried out regionally and are managed by the regional forester. This could be a logical way to divide up the study regions. Considering the study feasibility, the USDA Forest Service Regions were grouped into three regions: the Eastern (R9) and Southern (R8) regions were kept as two individual regions for data collection; all of the other regions were combined into the third region which was West and West North Central region.

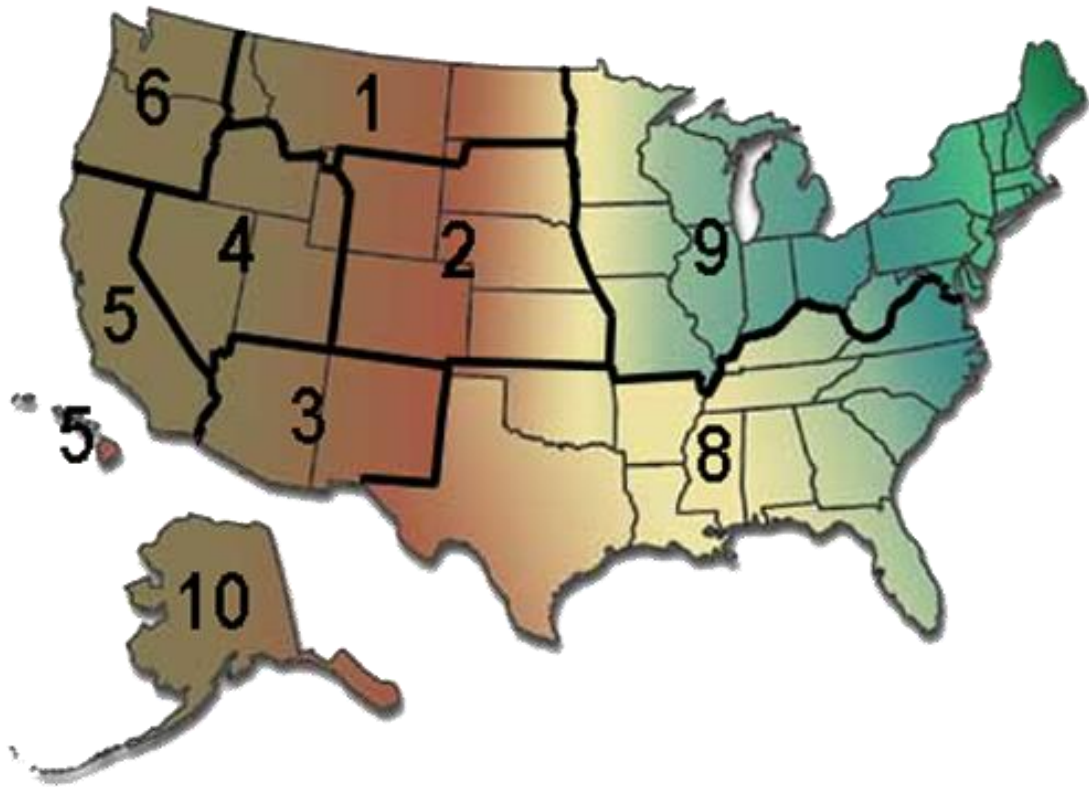


Figure 4.1. USDA Forest Service Regions (USDA Forest Service 2014) (USDA Forest Service 2014) (Region 7 was eliminated in 1965 when the current Region 9 was created from the former Region 7 and Region 9)

Industry directories and expert opinions were consulted for case selection. The 2010 Big Book (hereafter The Big Book), a North America softwood industry directory, was used for softwood sawmilling company identification and the Membership Directory section of National Hardwood Lumber Association website (hereafter NHLA directory) was utilized for hardwood sawmilling company identification. Also, one NHLA staff member and four faculty members from Department of Wood Science and Engineering at Oregon State University were inquired to provide opinions in the case selection process. For each study region, the softwood sawmilling companies were identified first. Hardwood sawmilling companies were then selected in the areas nearby where the softwood sawmilling companies were located. The rationale for having such a case selection process was due to resource and information limitation. The data collection included personal visits to each company. Thus, it would be convenient and cost-effective that the cases

studied in each region were close to each other. Also, the NHLA directory provided fewer details for each company listed than did *The Big Book*, in terms of company characteristics. For example, the NHLA directory did not give the number of facilities that a company had which was one of the case selection criteria. But *The Big Book* did have this information readily available. Therefore, it was more efficient to use *The Big Book* to develop a list of softwood sawmilling companies that could be potentially studied and then select hardwood sawmilling companies accordingly.

A list of 49 companies was at first developed, including both softwood sawmilling companies and hardwood sawmilling companies. These companies were contacted by email and phone. In the end, 20 companies agreed to participate and thus were included in the study. Among the 20 companies, 16 companies had multiple facilities, consistent with the sample selection criteria, while four other companies only had single facility. These four companies were selected in order to ensure a balanced sample for each region, since there was a shortage of multi-site companies in the East region being willing to participate in the study. Some general sample information is provided in Figure 4.2.

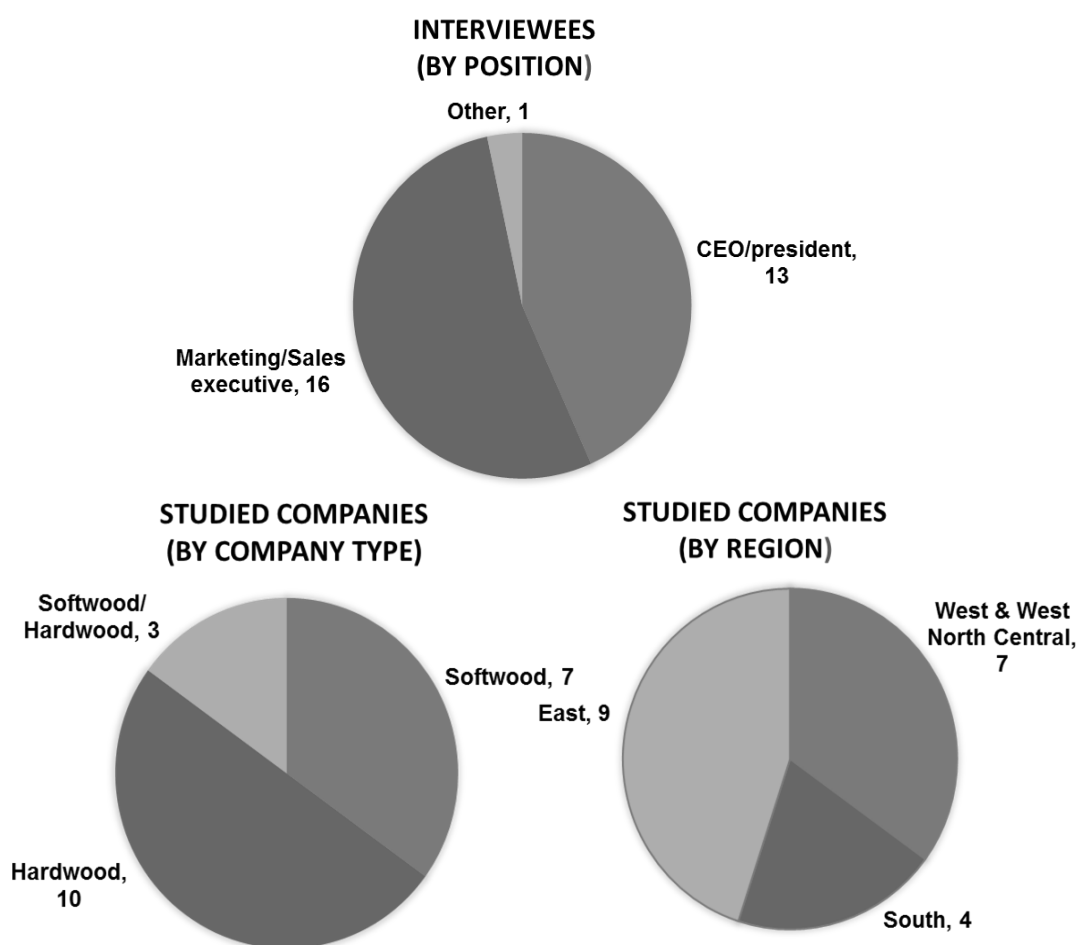


Figure 4.2. General study sample information

Data sources and data collection

Data sources

Both Yin (2009) and Patton (2002) suggest the importance of data triangulation in qualitative research, that is to say, to collect data from different sources but corroborating the same phenomenon. This provides multiple measures of the study phenomenon and allows the researcher to examine it from different angles. Following this strategy, data in this study was collected as two types from three sources: personal interviews, field notes and company websites. Personal interviews were conducted with the key informants in each company, consisting of CEOs, marketing executives and other Vice President level executives. Field notes were taken based on direct

observation during each company visit. Company websites were examined and information relevant to the research topic was carefully summarized as written notes. Among the three data sources, the primary data, personal interviews and field notes constituted the center piece of the case study evidence, while the secondary data, company websites provided additional information for data triangulation.

Data collection

According to Eisenhardt (1989), interweaving data collection and data analysis in case studies helps “reveal helpful adjustments” to data collection and also makes data analysis more efficient. Therefore, data collection and analysis in this study were largely overlapped with each other. However, they are presented separately for the sake of clarity.

Primary data was collected through semi-structured interviews. At least three forms of interviews can be identified according to their formality: structured interviews, semi-structured interviews and unstructured interviews. The major difference among the three forms of interviews is “the degree of rigidity of their presentational structure” (Berg 2009, pp.104). The structured interview method is basically a verbal questionnaire with the same set of questions being asked to each interviewee in the same order and worded the exactly same way, while with the unstructured interview method the interviewer develops, adapts and generates different questions in each interview with total flexibility. The semi-structured interview, like the structured interview, also involves a set of predetermined questions, which will be asked systematically during each interview. However, in a semi-structured interview the interviewer has the freedom to be creative and innovative. New questions can be generated and asked; the original ones are allowed to be modified; the order of the questions being asked is possible to change. These modifications can be made according to each specific interview situation. With this type of flexibility, researchers are able to obtain more in-depth and more comprehensive information.

A semi-structured interview protocol was developed based on the research purpose. It was evaluated by a group of researchers in the forest products marketing area, including both professors and graduate students, and then pre-tested on one graduate student that had industry experiences and two forest business professionals. All the individuals who participated in the evaluation and pre-testing process were selected outside of the study cases. Light feedback was received and slight modifications were made to the interview protocol. The final interview protocol covered four major parts of inquiry: interviewee background, current marketing sophistication, the evolution of marketing sophistication, and the impact of recession on marketing sophistication (Appendix E). This chapter addresses questions related with marketing tactics and practices and marketing entity as part of the current marketing sophistication.

As previously mentioned, CEOs, marketing executives and other Vice President-level executives in the companies were chosen to be the potential interviewees. They were considered as the personnel who had the best knowledge regarding marketing in the company. They were firstly individually contacted by email and then followed up by phone. More than one individual was contacted to interview in each company in order to examine marketing sophistication from different angles and different perspectives, although not all of them were successfully recruited. In the end, 26 interviews were conducted with 30 people from the 20 companies selected to be studied. The length of the interviews ranged from 30 minutes to two hours, with most of them being approximately one hour. Each interview was digital recorded based on interviewee agreement and transcribed verbatim for data analysis.

Field notes were taken during and after each company visit. The notes included some direct observations of the company and interviewee(s), a sense of company atmosphere as well as some immediate interpretations of these observations and of the interview(s) conducted. After each visit, the researcher did a reflective overview by reviewing the field notes and recorded

interviews. Initial interpretations were made and documented in the form of additional notes for analysis. As the source of secondary data, company websites were carefully examined based on the interview protocol. Evidence relevant to any interview questions was documented. When the evidence was not presented directly in a text format on the website (e.g. pictures, figures), a brief description was created by the researcher. The website information was collected after the primary data being collected and analyzed.

Data analysis

In terms of operationalization, data analysis can be summarized as three “concurrent flows of activity” recommended by Miles and Hubermann (1994): data reduction, data display, and conclusion drawing/verification. *Data reduction* is the process of “selecting, focusing, simplifying, abstracting, and transforming” the case study write-ups. A case study write-up is a written work turning the raw data (e.g. sketched field notes, recorded interview conversations) into text that can be read, edited for accuracy and later analyzed. It contains a lot of information about the case and needs to be condensed for further analysis (Tesch 1990). Data reduction is the starting point of data analysis, which involves a set of activities such as data coding, theme developing and memo writing. It is a form of analysis that organizes, filters and condenses the data so that patterns can emerge and inferences can be made. The second part of data analysis is data display. Data display is “an organized, compressed assembly of information that permits conclusion drawing and action.” It puts the data (after being systematic data reduction) into a readily accessible format so that the researcher can easily see what is going on and what the data may suggest. Specific tools that can be used for this purpose include matrices, graphs, charts and networks. The third part of data analysis is conclusion drawing and verification. In many cases, “conclusions” are pre-generated from the beginning based on literature and theoretical propositions. These “conclusions”, however, may be vague and can only be held loosely by the researcher. Final conclusions are drawn at the end of data collection and analysis. They also need to be verified by means of, for example, revisiting and rethinking the data or involving others to review

the data and conclusions (Miles and Hubermann 1994, pp.10). The three-part analysis of this study is briefly described below.

Data reduction – In data reduction, the approach followed was similar to that described by Rubin and Rubin (1995). The interview transcriptions were coded using qualitative software NVIVO. A list of the primary themes were firstly developed according to the interview protocol. Then, the transcripts were examined carefully and subthemes and additional themes were identified based on previous literature as well as patterns that emerged during the coding process. At the end of this process, the useful “chunks” of information were identified, highlighted and summarized under each code. The summary of these “chunks” of information were read with the purpose of identifying new subthemes. All the themes and subthemes were mentioned at least by three companies. Next, the transcripts were completely recoded using all the identified themes and subthemes, to ensure that all the relevant text in the transcripts was thoroughly included in the codes. Finally, the process resulted in two primary themes and six subthemes under one of the primary themes (Table 4.2). In addition, reflective remarks and initial ideas about the data and codes were documented in the form of a memo.

Table 4.2. Primary themes and subthemes identified during data analysis

Primary themes	Subthemes
Marketing entity	No subtheme
Marketing activities	1. Selling
	2. Customer support
	3. Market information management
	4. Marketing communication
	5. Product development
	6. Pricing

Data display – Matrices were utilized in this study to display data, with rows representing a company and columns containing information addressing interview protocol questions. Patterns and codes developed from the interview transcriptions were summarized and organized into a large matrix, while data derived from company websites was displayed in a separate matrix for data triangulation. It should be noted that data reduction and data display took place at the same time for website information analysis. When analyzing company websites, the researcher visually scanned the website of each company, and then put relevant information and notes made on important points directly into a matrix that was created already.

Conclusion drawing/verification – Data in the matrices was examined firstly within each individual company and then compared among cases. Field notes and memos were carefully read. In the end, conclusions were drawn based on data collected from all of the sources. Also, the interview data was analyzed by a second researcher independently for the sake of “intersubjective consensus”. Furthermore, the primary and the secondary researchers maintained an open dialogue and exchanged opinions regularly during the whole data analysis process. Conclusions were able to be verified this way.

Results and discussion

This section addresses the results of this study. The results are divided and organized based on the primary themes. Following the presented results of each primary theme, discussion is made based on the researcher’s observation and interpretation of the data. It should be noted that all of the quotes are from the interview data. The website information was a bit sporadic and thus was just used for conclusion confirmation and verification.

Marketing entity

All of the companies studied have a department that is responsible for both marketing and sales work. These departments were named marketing, sales or marketing/sales in these companies. They mainly consist of sales managers and sales people.

So we have a sales VP. He has a softwood sales manager, a hardwood sales manager and a panel manager. (West, Softwood)

Then there is one sales office that does all of sales and marketing work for all 3 mills. In that office, there are 4 people: 2 are sellers, primary sellers, full time sellers; 1 does the scheduling. When I say scheduling, it is the lining up of orders they've written the sellers have taken, with the production schedules in the mills in the planning mills. Then we have one person does...is really doing the work of invoicing, checking the trucks and doing the invoicing, things like that. (East, Softwood)

In a few companies, both the department and the executive position were named with the word "marketing" in them. However, they were actually sales departments. Here are some responses from the interviewees when being asked about job title and major job responsibilities:

(What is your title here?) VP of sales and marketing. (What are your major job responsibility?) Well. Sales for all the sawmills. Not logs, just lumber products, lumber and panel products. We do sometimes sell logs. (West, Softwood)

(What is your title?) VP of marketing. (What are your job responsibilities?) My responsibility is to really develop market share for the company, the native production, in other words [company name] production and sell it. (West, Softwood)

Some of the companies had a marketing position that was essentially advertising and promotion. There was one company that had a marketing personnel acting as a consultant. In general, these "marketing" people were dominated by sales and only play a minor role in the studied companies.

We call it marketing but this is really more advertising. We have two people. They do the advertising for the entire company, for the sawmill business on this page but also for our other businesses. When these sales people want to develop an

advertisement or a brochure, they would be working with our advertisement department to produce that. (East, Softwood)

I also got a marketing person, marketing and advertising. She will set up trade shows and stuff for us. ...Here is our printed ads. We will run ads in magazines and industry publications. So she put together that whole plan. She also manages our website, which is here. You have probably seen that. So in other words, she is in charge of keeping the website up to date. (West, Softwood)

...but the point of the story is that I can take direction from basically everything....almost anybody here could come up with something and say... for example, they may call and say "I got a customer who wants this or that. Can you send him?" So they will come to me. Any of the guys will come to me...So I work with all these guys. I support their sales efforts. If I can help them with customer requests, I do it. (West, Softwood)

In terms of structure of the marketing entity, the managers mainly focused on the sales personnel when describing it. Many companies broke up the sales work geographically, although some were more structured and some were less structured. A fairly structured example of such marketing entities was presented below. This marketing entity was managed by the Vice President of Sales. The sales force was divided into two parts: internal sales and external sales. Although the internal sales which were based in the corporate headquarter and were organized by product lines, the external sales were organized by, and based in, geographic regions. The interviewee suggested that the internal sales and external sales performed different jobs.

The people that are out in the field that are aligned geographically, they are less transactional. So if I am a certain customer, they are out there bringing new customers and selling programs and selling our company as a corporate product... They go in, they sit down with them, give them samples, brochures, information and try to either bring in a new customer or if you are a current customer introduce you to a new product. Once that sales job is done and now you are a customer. Then you start calling on the phone to these folks (internal sales) here. These (internal sales) are the folks that you are gonna talk to on a daily basis to place orders... Let's say for example ...if you are my customer... you know what it is that you wanna buy.

Then you just call and talk to people (Internal sales) that have all the information at their fingertips, which is in our computer systems, they can place orders for you, schedule transportation and all those things. Now if you ever had issue with...Let's say if there is a quality issue or something...Then you call your local rep. (West, softwood)

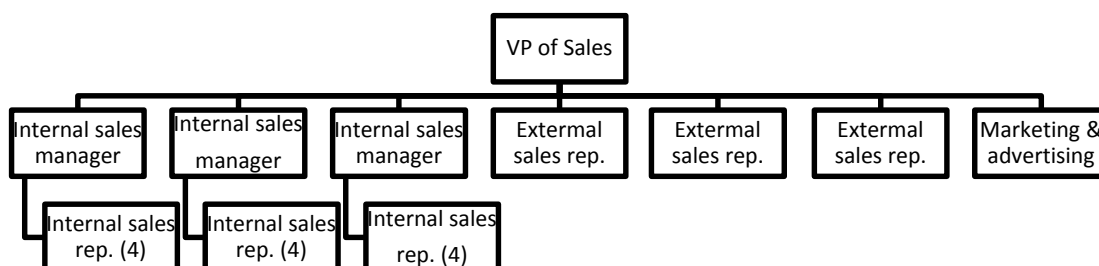


Figure 4.3. An example of marketing entities in the studied companies

Discussion

It can be inferred that many of the interviewed managers and their companies did not have a clear understanding of the notion of marketing. Strictly speaking, most of the companies had a sales department rather than a marketing department. However, very few interviewees acknowledged it. When the researcher asked them about their marketing department, they simply started to talk about the sales department without any clarification, even though they did refer to it as “our sales department” sometimes. Obviously, “marketing department” and “sales department” are synonymous in their mind.

Although it is difficult to provide an explicit explanation of how a marketing department differs from a sales department, researchers outline some differences of the mindsets between marketing and sales employees which constitute an essential part of the distinction of a marketing department and a

sales department. For example, Rouziès et al. (2005) suggest that marketing people focus on market research while sales people normally deal with personal relationship and transaction with individual customers. Also, marketing people are considered to be motivated by profits and oriented towards long-term goals, whereas sales people are considered to be motivated by sales volume and oriented towards short-term objectives (Rouziès et al. 2005, Kotler 1977). Most of the interviewees did not understand the potential differences between a marketing department and a sales department. Their mind simply resided in sales rather than marketing; they focused on selling rather than finding out and meeting customer needs. This indicates the existence of a sales orientation in these companies.

Hooley et al. (1984) suggest that sales-oriented companies typically have small marketing departments with one or two people. In some cases, the companies are considered with no real marketing department although there are marketing activities and marketing related expenditure. These cases include the firms with the sales executive as the only employee being responsible for some level of marketing activities besides his/her sales work, and the firms with a marketing executive as one and the only marketing staff who reports to the sales executive (Hooley et al. 1984). The situations of the studied companies were quite similar to what Hooley et al. (1984) describe in their work. Although the size of the marketing entities in the studied companies varied and there were companies with a fairly large marketing entities, the sales people constituted the majority in these larger marketing entities. Other employees were mostly support staff and were dominated by sales. Thus, these so called “marketing” entities were actually sales departments mainly performing sales tasks. According to previous research, one characteristic of a “market-oriented” company is the establishment of a chief marketing executive, who is in charge of advertising, sales and other marketing activities (Workman 1998, Carson 1968). This was not the case within the studied companies. The marketing/sales executives were mostly responsible for sales work, despite whether their titles contained the word

“marketing”. This reflected a sales-oriented mentality, as opposed to a customer/market orientation.

The forest products industry is traditionally production/sales-oriented. The recession may possibly reinforce this tradition. During the recession time, it was possible that companies were more motivated to cut costs and enhance operational efficiency in order to survive their everyday business, rather than focusing on long-term profits (O'Malley et al. 2011). They relied more on sales efforts which could help their companies with cash flow and seemed more efficient in the short run. Also, Homburg et al. (2000) maintain that being customer-orientated normally requires more complexity in the marketing entities' structures, while during recession time firms were more likely to have a more simple structured marketing entity-a sales-focused entity probably-for the sake of efficiency. Probably with the same consideration, many of the studied companies adopted the geographic-based structure since it was easy to manage and saved traveling expenses (Kotler 1988, p. 666).

Presumably, the managers with such a mindset believed that being sales-oriented would help to save their companies from the recession they were experiencing. It is true that an emphasis on sales may help with their sales volume and short-term turnover. However, if the companies are all about hard selling and do not pay enough attention to customer needs, it is highly questionable that if they will achieve sustained profits and competitiveness, which are more essential to a firm. Numerous researchers (Narver and Slater 1990, Liao et al. 2011) consider company profits and long-term competitiveness as the consequences of a market orientation that concentrates on customer satisfaction, instead of a sales orientation which focuses on sales volume. It is important for the forest products industry managers to rethink the approach that they have been taking and find the “happy medium” between short-term sales efficiency and long-term profits.

Marketing activities

Selling

Managers spoke extensively about how they would make personal contact with customers and try to sell them their products. Typical ways include writing letters/emails to the current or potential customers, sending samples, talking to them on the phone, and visiting in person.

We will go in there, shake the guy's hand, take him to lunch or dinner, go look at his lumber facility, find out what he really needs, get to know him, try to begin the process of getting him involved and buying what we make. (West, Softwood)

We got out, and prospectively write letters. We call people, we go in-person, visit them, learn what they make. We teach them what we have. They learn what we make and we learn what they use. And we try to match what they want with some of our... (West, Softwood)

We go visit customers, we give them samples, we send in sample loads with the agreement we will buy them back if they don't like them, give them guarantee. Once they get in line, they get our material in their inventory, they typically stay with us as a supplier...hopefully to get them out to our sawmill, ask them what they want. We have grade books but I think for most part for our company we follow the grade books but we really enhance our grades beyond what the grade rules allow. (West, Softwood)

A key selling tactic being emphasized by many of the interviewees was personal relationships. A good personal relationship with customers may lead to a good working relationship and eventually make the sales happen consistently.

We actually find what the best thing to do is, what I found is people like to talk to the same person. So we have it separated by customer. So we have 1 guy that any company that buy any high grade material. He takes care of them. We try to give him all those customers. Then we have low-grade material and that guy tries to take care of all of the low grade customers. But there are some customers that buy both. So we try to match the people with the company. So customer A is always talking to [name], customer B is always talking to [name]. All that relationships. Keep it like that (East, Hardwood)

So what I want you to do is I want you to go make friends with them, I want you to take them to lunch, take them to a baseball game, build the personal relationship with them, offer to help with their local rather than a big national paper. Is there a publication that fits this geography? (West, Softwood)

So if I travel, I will go to...and visit every distributor...especially the ones I don't sell, I am visiting them and trying to get them starting buying from me. Once I go down there and buy them a shrimp dinner, we are usually good friends. Then we sell them more lumber. That's how we do it. (West, Hardwood)

Customer support

A few managers mentioned ways to support their customers, through post-sales follow-up, joint market research and services. By conducting these activities, they took care of their customers' needs. This category of activities reflects some level of a customer/market-oriented thinking.

The third big way in which our sales works to make sure our customer is happy with the product is they actually to travel to see the customer and talk to the people who are using our product and actually look first hand in how it is working for them. (East, Hardwood)

So we often will go with our customer who we sell the lumber to, to visit their customer the end-user, the person who is actually using the product, to hear directly from the end-user, how is that product working for them. (East, Softwood)

We measure how ...the frequency of on-time delivery to our customer. So if we say it is gonna be delivered on July 3rd. Did we or did we not achieve that. We make sure not only did we deliver early enough but did we not deliver it too early too. Customers don't really want it too early. It is a just-in-time world. (West, Softwood)

Market information management

Despite the obvious focus on selling, some managers also spoke about finding customer needs and wants. Specific ways included talking to customers on the phone and doing field visits. Both direct customers and end

users were considered by these managers. This theme shares some similarities with the previous one but has a different focus.

By checking what the people are using, a specific width, thickness, color and sampling the market and see what their demands are, as the lumber market changes over time. (South, Hardwood)

Our ears are open and finding out where things are happening. It is kind of like the way we discovered Northern China, starting to emerge as a hardwood producer. We are always trying to follow where is the action, where is the moving. We travel up there. We travel up there and say "let's see what's going on." So our marketing is "keeping our eyes open" I guess and trying to follow where we think this business is going. Sometimes it is a wild goose chase, but usually we ask them questions that we...and we know enough people that we usually have good information. (East, Hardwood)

He is talking to customers all day long on the phone. Either he is calling out and letting our customers know what we have for sale, trying to convince them to buy it or we have customers that are calling in all day long, looking for things that they need... So everyone is looking to us for a certain product. So that is how we find out. Our sales people are on the phone and in contact with our customers. That information is being exchanged. (West, Softwood)

So we need to know the end use application. Hence we go talk to our customers whether it is the owner of the company or it is the VP sales or right down to the general manager who is really providing the product through his location in the market. We do that for all of our customer segments so we can understand what the end uses (West, Softwood)

Marketing communication

Managers spoke extensively about marketing communication. It is another marketing activity frequently mentioned by managers, besides selling. The topics covered included advertising, tradeshow, and branding.

Although paper media is still suggested to be the mainstream for advertising, internet has becoming increasingly popular. Some managers mentioned participating in national programs, aimed at promoting the industry as a

whole. These national programs were mostly organized by industry associations. Each involved company committed funds to the project and the organizers collected these funds and plan and executed promotional programs with the goal of improving public image of the whole industry, generating demand and enhancing the competitiveness, again, of the industry.

One thing we just have done recently is we have taken some time in the last year to put together a new website which we think will help us as a marketing tool. So we updated our information on our website and I think we are all very pleased of how it turned out. You know we have tried to focus a little bit more about our company and why we are, who we are. And try to get people a good picture so that you know it can be a good marketing tool for us in the future. (East, Hardwood)

Also we are doing more and more on electronic marketing or on the internet. Search engines where we might have a purchasing agent for someone who is looking for a product and...we are trying different types and means to reach our audience which would be the manufacturing industry. (East, Hardwood)

We primarily do brochures like this, that we would send to our customers. That is the primarily way that we advertise. There are a couple of trade publications that we put advertisements in. (East, Softwood)

I think we will be much more involved in these programs, like this check-off program, because it is a national program where it is marketing wood in general. I think those...you know...because it is...I think it is what probably will happen. And I think our industry needs it. I think we need to have a campaign to make people aware of what wood is and the fact it is renewable resource. I just don't think they get that. But those types of programs I think are going to help facilitate that. (West, Softwood)

Many managers mentioned trade shows were a preferred way to meet their current and potential customers. It was favored by companies because they were able to have personal contact with a lot of people all at the same time. They considered it more efficient than advertising and field visiting.

Trade shows and meetings where a lot of our customers are and we might have a booth and do some advertising at the trade

show and have our sellers be at the trade show. (East, Softwood)

We do go to trade shows primarily because... not because we go there to meet new customers, although we may meet some, it is one of the most effective ways to get together with a lot of customers, because you are not going to Houston or Dallas and driving 40 miles to see a customer...Everybody is there. Distributors are all there. We do...we probably do in total with all the different ones 4 or 5 of those a year...We travel, we take 3 or 4 days, (West, Hardwood)

So as opposed to spend all our money on advertisement, TV or printed media or internet or something...we basically spend that money traveling to each conventions and meeting the customers (West, Hardwood)

A few managers spoke of branding. They put the brand name either on the lumber or on the packaging. Some of them mentioned that producing good quality products made it easier for successful branding.

In other cases, the distributor promotes our product, gives out our brochures, the lumber gets to deliver with our wrap on it. We actually would go selling with that distributor to meet their customers. So for example, I just got back from a trip last week down to the U.S. South where we were with the distributor visiting their customers. And in that market, the end-user is definitely aware of whose mill product it is. And you do build your brand all the way to the distributor, through the distributor and to the retailer and manufacturer that are actually buying it from the distributor. (East, Hardwood)

The lumber is stamped. The producers have to stamp the lumber... We try to brand our products more in recognition of the fact that we are one of the very few people that manufacture the specific products. So they are not necessarily branded to the finished user but they are branded to our customer base. (South, Softwood)

We've been around a long time. We make a very good quality product, very consistent. And it has got a very well-known name brand. It helps them to sell it. Many of their customers will only take a specific brand of lumber. So it is branded. So when we make...whenever we ship lumber, this happens to be in China. You can see one of our packages in the background that has our name penciled all over. Every piece of lumber has our name also on it...These are pictures...I don't know if they got the right end of the lumber on it, but in real you will see '[brand name]',

[brand name], [brand name]...' across every piece. So if anybody got an issue we can tell it is our lumber. (West, Hardwood)

Product development

Marketing's participation in product planning and development is a characteristic of marketing-oriented organizations and is suggested to have positive impact on firm performance (Kahn and NcDonough 1997). Some managers expressed that their marketing/sales people would identify product needs of the customers and bring that information back to the company. The marketing/sales people would also work with manufacturing as well as the customers to development new products.

Also, a big part of product development has been through the initiative of our sales staff, where they work with the customer, find out if the customer is looking for something a little special, something different, or they are in a particular area. Maybe the kitchen cabinet industry they think "hey, this particular item would really fit and ..." We rely on the sales staff to bring that information back to us. (East, Hardwood)

Well, we are largely a marketing-driven organization. [name of the marketing/sales staff] has daily contact with our markets and with our customers. We are very flexible from a manufacturing stand of point to the extent that [name of the marketing/sales staff] will develop products in coordination with our customers. (South, Softwood)

[name of the marketing staff] is responsible for promoting our company to new customers, identifying new products opportunities for coordinating new product opportunities to our operation side of the business to create the first order, the first wood that we ship and assessing, following up on customers' satisfaction with regard to that wood (West, Softwood)

Marketing's interaction and collaboration with new product development is suggested to have positive impact on firm performance. Research on marketing's cross-functional integration with new product development indicates that interdepartmental collaboration may have a stronger impact on performance than interdepartmental interaction (Kahn 1996). The job of marketing/sales people in product development in the studied companies was mostly information collection and dissemination, which was more of

interdepartmental interaction. Companies can potentially benefit from marketing/sales people being more involved and taking a stronger role in product development.

Pricing

Managers spoke of pricing from different aspects. Some companies follow a price guide or price report developed by consulting groups such as RISI and Random Lengths, while some relied more on talking to people in the industry and supply-demand situation.

There are numerous publications, not numerous... There are a couple of publications that report what they think the prices are on different species and grades of lumber. They are not accurate but can give you an idea, but they won't tell you exactly what the true market is. So it is only by communicating with other people in the industry you get a better idea of what the pricing actually is. (East, Hardwood)

If we have a big pile out here that is piling up, because it is not moving, then the price is probably going down. If we don't have any out there, that means we are selling it ahead. That means price is going up. It is completely supply-demand driven. From that we generate this price guide. (West, Hardwood)

You get those publications weekly. Those kinds of guidelines... it doesn't necessarily mean that it is going to bring that price. Obviously... You have to set price in your product because you have got your log cost, you got your manufacturing cost and you got your drying cost that are involved... So there is a minimum that you need to sell the product for so that you are making money. (South, Hardwood)

Discussion

Regardless whether or not sales is organized within or separated from marketing in a company, selling is undoubtedly an important marketing activity (Hansen and Juslin 2011). The most important job of a business is to make money (Friedman 1970). When selling occurs, the money-product exchange occurs. Effective personal contact and well-developed personal relationships facilitate the exchange. It should be all based on the condition that the customer needs are clearly identified and what is provided to them does satisfy their needs. Many managers spent a lot of time talking about their

selling tactics as if selling was the most important part of marketing. Although some of the tactics mentioned had a customer-focus, it could be sensed that “selling” what the companies had received far more considerations than “finding” out what the customers needed.

A close collaborative relationship between firms and their customers is being sought by firms in the B2B world. Such relationships are developed and exist in forms of joint programs and close communication links (Day 1994).

Different from the personal relationship emphasized by many sales people, this coordinated relationship is based on mutual benefits and shared goals, and in many cases, is developed between organizations and functional departments, rather than between individuals on a personal level. A thoughtfully developed and carefully executed customer support program will certainly contribute to the establishment and reinforcement of a collaborative relationship with industrial customers. Companies collaborate with each other in order to achieve their shared goals, such as total quality improvement and shorter time to the market than others and thus stay competitive (Day 1994). However, customer support was not a widely mentioned theme among the managers. This indicates that customer support is an area for potential development.

A central tenet of a market orientation is suggested to be the ability of the firm to learn about customers and markets (Kohli and Jaworski 1990, Narver and Slater 1990). Kohli and Jaworski (1990) maintain that the organization-wide generation of market intelligence, the dissemination of the intelligence across departments, and organization-wide responsiveness to the market intelligence constitute market-oriented organizational behaviors. Day (1994) also suggests that market sensing is an important capability of market-driven organizations. Some managers did admit the importance of market information management. However, in their talk they mainly focused on how they obtained market information from outside and mentioned little about how the

information was distributed, interpreted and responded within their companies. Also, many of the interviewees did not even mention about this marketing activity. It could be sensed that not enough importance was placed on identifying customer needs and market trends. For those firms suffering from financial crisis and struggling to find a way to survive, this can be a good place to start.

Electronic advertising seems to gain growing popularity among businesses. It is considered to be more efficient and cover a broader range of audience due to the wide usage of internet. Many of the studied companies have also captured such a trend and started to develop their own internet marketing program. Compared to many of the companies in the consumer market, the forest products industry companies are a little behind on using the internet as a marketing tool so more efforts are needed in this area. Also, a couple of managers mentioned e-business, which was also a good opportunity that the forest products industry companies could pursue.

Tokarczyk and Hansen (2006) recommend that managers should consider two questions when they try to brand their products: What the brand stands for and how it can be maintained, improved and communicated. Many of the interviewees expressed quite clearly that they tried to create an image of “good quality” by branding all or a certain grade of their products. However, there was a lack of discussion on how they pursued branding, except for simply mentioning the brand name was stamped or printed on the package. The situation was quite similar when managers talked about trade shows. Trade shows are effective ways for the forest products industry companies to reach current and potential customers (Shi and Smith 2012, Smith and Smith 1999). There are suggested ways to study the different goals of the attendees and tailor the communication message to meet their needs. However, managers just talked about attending trade shows in a very general way without providing any details. A speculation is that the managers have not had

any sophisticated thoughts about branding and trade shows. If this is the case, then companies may be able to improve their competitiveness by investing more efforts in branding and trade shows.

Hansen and Juslin (2011) listed three different pricing methods commonly used by forest products industry companies. They are market-based pricing, cost-based pricing and value-based pricing. Among the three pricing methods, market-based pricing is suggested to play a significant role in North America (Hansen and Juslin 2011). It is mainly based on pricing newsletters and sales' market knowledge. Such a method was also frequently mentioned by the managers. So the findings are consistent with what is suggested in the literature. This largely reflects a production/sales orientation. Companies, especially those who consider themselves "high quality" producers may want to give some thoughts on value-based pricing method. This method is able to offer them the highest possible level of price optimization and thus more profit if they can anticipate customers' perception of their products correctly (Hansen Juslin 2011).

Conclusions and limitations

The results indicate underdeveloped thoughts on the organization and implementation of marketing within forest products industry firms. From the functional group perspective, most companies in this study did not have an integrated marketing department managed by a marketing executive. Instead, they had a sales department with a sales executive. This largely reflects a sales-oriented mentality. From the activity-based perspective, the importance of sales' job was being widely emphasized, while some other marketing activities were not receiving enough attention. For example, *market information management* and *product development* were mentioned by a few managers. However, as marketing activities closely related to a market orientation, they were not discussed very much in detail nor as frequently as *selling*. It may be that in the mind of the managers with a sales-oriented

mentality *market information management* and *product development* were not as important as *selling*. Another speculation is that they did not consider *market information management* and *product development* as marketing activities. If this is the case, an enhanced understanding of the notion can potentially benefit the implementation of marketing in forest products industry companies.

The interviews were conducted during the recession period when most companies were experiencing market downturns and had difficulties to survive. Marketing could be a more topical issue within this special context. However, due to the same reason, the managers might be cautious to reveal much detail about their business and be overly conservative on their answers. Also, during the recession, the managers could be increasingly critical about investing much effort into marketing which was unlikely to bring the companies short-term returns. Therefore, this contextual impact should always be taken into consideration when examining and interpreting the interviewees' responses. In addition, the study is qualitative in nature and is not aimed at generalizing to any population beyond the study sample.

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CHAPTER 5 – CONCLUSIONS

General conclusions and contributions

The primary motivation behind this research was to understand a phenomenon related to business system innovation-marketing sophistication in the context of the forest products industry. As stated in Chapter 1, literature in general marketing and forest products marketing suggests an increased marketing sophistication: from a production/sales orientation towards a customer/market/stakeholder orientation. However, there is no systematic examination of the current status of marketing sophistication. This research helps fill the knowledge gap in the context of forest products industry by assessing the connection between a market orientation and other firm characteristics (Chapter 2), examining marketing culture and marketing strategy (Chapter 3) and marketing practices (Chapter 4). It provides supporting evidence of the importance of a market-oriented culture in a company (Chapter 2), examines the current marketing sophistication in the forest products companies (Chapter 3 & 4) and makes suggestions on how the industry may improve.

This research provides several contributions. Chapter 2 is the first study linking market orientation, innovativeness and corporate social responsibility implementation in the forest products industry. It provides empirical suggestions that a market-oriented culture has an important role in the studied companies by being positively related with innovativeness, learning orientation and corporate social responsibility implementation. The connection between a market orientation and corporate social responsibility implementation also implies the potential link between a market orientation and a stakeholder orientation.

Chapter 3 and Chapter 4 together constitute the first empirical study that investigates marketing sophistication in a systematic manner within the context of the forest products manufacturing industry, to be more specific, private U.S. sawmilling companies. The findings suggest that although a production/sales orientation still largely exists in the studied companies, there are signs of the emergence of a customer/market/stakeholder orientation. This supports the theoretical proposition derived from existing literature (Toppinen et al. 2013, Hansen and Juslin 2006), for the first time with empirical evidence obtained from qualitative data.

Also, it is the first empirical study that provides a more holistic understanding of marketing in the U.S. sawmilling industry. By examining marketing in its different forms on different levels: marketing as a culture on the corporate level (Chapter 3), marketing as a strategy on the business unit level (Chapter 3) and marketing entity and marketing as activities on the operational level (Chapter 4), this study outlines a clear picture of what marketing is in a context of the hierarchies of a firm. The findings create a picture of the marketing thinking and actions currently employed in the U.S. sawmilling industry and provide managerial implications to industry practitioners. In addition, the study finds that within the studied companies, marketing sophistication is consistent on the corporate level, business unit level and operational level. This serves as supporting evidence of what is suggested in the literature that marketing at each functional level is developed based on its preceding level, although connecting the three in each individual firm is not the purpose of this study.

Overall, this research contributes to the field of forest products marketing with in-depth and up-to-date knowledge of the nature of marketing in forest products companies. Meanwhile, it advances the understanding of the marketing sophistication evolution in the context of the forest products

industry. Additionally, it provides the foundation for further investigations in an otherwise understudied field.

Limitations

There are several limitations to this research. While the specific limitations of each study have already been noted in individual chapters, this section concentrates on general limitations of this research.

According to the theoretical framework, marketing structures are an important dimension of marketing in an organization. Well-established, structures can facilitate the realization of marketing strategies, while improperly setup structures can inhibit good marketing strategies to come into effect (Hansen and Juslin 2011). Although Chapter 4 touched on the marketing entities as part of the marketing structure in the companies, the other aspects of marketing structures were not studied in this research. A more complete and in-depth investigation of marketing structures in the forest products industry will likely benefit the academic community and industry in terms of their understanding of marketing implementation.

Also, the results from Chapter 3 and Chapter 4 support the notion that marketing on different levels and dimensions should be consistent with each other. However, this research does not really examine how marketing culture, marketing strategies, marketing entity and marketing activities are connected. Further analysis of these relationships will contribute to the understanding of how to adopt and diffuse a customer/market/stakeholder orientation in an organization.

Also, although the major subject of Chapter 3 is the evolution of marketing sophistication, the chapter is based on cross-sectional data rather than longitudinal data. This is to allow a wider range of variations among companies which ensures a more holistic understanding of the study phenomenon. However, a longitudinal study can potentially provide more detailed and in-depth knowledge regarding the process of the evolution of marketing sophistication in each individual company.

Future research

Besides the steps that can be taken to address the limitations suggested above, the topic of this research can be further studied from several other aspects. Both Chapter 3 and 4 focus on marketing sophistication in the private U.S. sawmilling companies, with data collected from top managers, who were considered good informants of the study topic. Extending the study to examine marketing sophistication in large public-owned corporations and other types of forest products companies will provide comprehensive knowledge for each players in the U.S. forest products market regarding their marketing culture, marketing strategies, marketing entity and marketing activities. Depending on the similarities and differences among companies that may emerge from the examination, survey methods can be used to assess the potential relationship between marketing sophistication and various firm characteristics, such as firm size, ownership and type of products produced.

Marketing sophistication has not been studied in other countries using the case study method adopted in this research. Duplication of the study in other countries could obtain a picture of diverse marketing cultures due to the distinction among the socioeconomic environments of each country. Also, it would be even more interesting to study marketing sophistication in some European countries which are considered as the “pioneers” in the global forest products market. Companies in these countries could be more

advanced than their U.S. counterparts in understanding, implementing and organizing marketing. A study examining marketing sophistication in these European companies provides a learning opportunity for the U.S. forest products industry.

This research investigates marketing sophistication in the forest products industry. Data was collected from industry managers for all three individual studies. Results, conclusions and suggestions all reflect the minds of managers in the forest products industry. It would be interesting to study the views of their customers and other stakeholders regarding the marketing sophistication of the forest products industry, with the focus of how well the forest products industry companies address the needs of various stakeholders and what the stakeholders expect. The potential gap between what the companies are doing and the stakeholders' expectation could outline the areas where the industry can improve.

Globalization has become the trend in many areas and industries. The forest products industry is not an exception. Managers frequently mentioned the export market as an emerging opportunity, with special interests and emphasis on China. Some concerns and barriers that prevented many companies from pursuing this opportunity were also expressed. Issues suggested by managers include language and culture barriers, insufficient information about distribution channels and limited knowledge about market needs. A case study with companies that have already been successfully conducting business with foreign customers can help the industry learn about expanding their business from the domestic market to foreign markets.

Previous research suggests that there is a positive relationship between a market orientation and company performance (Liao et al. 2011, Narver and Slater 1990). This research considers market orientation as part of the

marketing sophistication of a company. To advance the theory, future research can focus on the development of a measure for firm marketing sophistication and the testing of the relationship between marketing sophistication and firm performance. This helps connect marketing and firm performance from a more holistic point of view.

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APPENDICES

Appendix A: Cover letter and questionnaires for assessing managers' perception of innovativeness, market orientation, learning orientation and corporate social responsibility implementation (English version)



Xiaoou Han, PhD Student
College of Forestry
Oregon State University, 119 Richardson Hall, Corvallis, Oregon 97331-277
T 1-541-250-1539 | F 1-541-737-3385 E Xiaoou.Han@Oregonstate.edu

June 28, 2010

Dear,

You are receiving this questionnaire as part of my PhD research project in the College of Forestry at Oregon State University. Please accept our small gift as a token of appreciation for helping us with this study.

The objective of this research is to assess the current practices of global forest companies in terms of innovation, marketing, corporate social responsibility (CSR) and organizational learning.

Completing the questionnaire should take approximately 10 minutes of your time. **Your responses to this questionnaire are important to the success of our project and my PhD dissertation.**

Please complete the questionnaire and return it in the envelope provided. You may also complete the questionnaire online at: <http://www.surveymonkey.com/s/GlobalForestSector>.

If you choose to participate online, please use the following PIN:xxx. The information you provide will be held in strict confidence. The PIN and number on the questionnaire are for administrative purposes and allows your name to be removed from the mailing list upon receipt of your response.

At the beginning of the questionnaire you will be given the option to provide your contact information to receive the results of our study. Even if you provide your contact information, your name will never be associated with your responses.

If your response is not received within two weeks, I will follow up with a reminder phone call.

If you have any questions, please contact me at the phone number or email listed above. You may also contact my advisor, Dr. Eric Hansen, at Eric.Hansen2@Oregonstate.edu, or 1-541-737-4240.

Thank you very much for your time.

Sincerely,

Xiaoou Han
PhD Student

Eric Hansen
Professor of Forest Products Marketing

Innovation, marketing, organizational learning and CSR in the global forest sector

This questionnaire is part of a project investigating business practices in the global forest products industry.

- *Your contribution is extremely important to the success of this effort.*
- *Your responses will be held in strict confidence.*
- *To obtain study results, provide your email below or include your business card with your return.*



Contact: Dr. Eric Hansen, Professor of Forest Products Marketing, Eric.Hansen2@Oregonstate.edu

Innovation Practices

Considering your company, indicate to what extent you agree/disagree with the following statement:

	Strongly disagree	Somewhat disagree	Neutral	Somewhat agree	Strongly agree
Management actively seeks innovative ideas	1	2	3	4	5
Innovation, based on research results, is readily accepted in our organization	1	2	3	4	5
Innovation is readily accepted by management	1	2	3	4	5
People are penalized for new ideas that don't work	1	2	3	4	5
Innovation in our organization is encouraged	1	2	3	4	5

For your company as a whole, please indicate how your innovation efforts are allocated among the following types of innovation:

- _____ % **Product Innovation** - creation and/or adoption of new and/or improved products
- _____ % **Process Innovation** – creation and/or adoption of new and/or improved manufacturing processes.
- _____ % **Business Systems Innovation** - creation and/or adoption of new and/or improved meth business management.
- 100% **Total Innovation Efforts**

Marketing Practices

Please evaluate each of the following items, with this phrase in mind: In our company

	Not at all	To a Small Extent	To a moderate Extent	To a Great Extent	T Ex E
We constantly monitor our level of commitment and orientation to serving customers' needs	1	2	3	4	
Our managers understand how everyone in our business can contribute to creating customer value	1	2	3	4	
All of our business functions (e.g., marketing/sales, manufacturing, etc.) are integrated in serving the needs of our target markets	1	2	3	4	
Our business objectives are driven primarily by customer satisfaction	1	2	3	4	
Our salespeople regularly share information within our organization concerning competitors' strategies	1	2	3	4	
All the departments in our company are responsive to each other's needs and requests	1	2	3	4	
Our strategy for competitive advantage is based on our understanding of customer needs	1	2	3	4	
Top management regularly discusses competitors' strengths and strategies	1	2	3	4	
Our top managers from across the company regularly visit our current and prospective customers	1	2	3	4	
Our business strategies are driven by our beliefs about how we can create greater value for customers	1	2	3	4	
We target customers where we have an opportunity for competitive advantage	1	2	3	4	
We freely communicate information about our successful and unsuccessful customer experiences across our company	1	2	3	4	
We give close attention to after-sales service	1	2	3	4	
In the past five years, we have become better at understanding our customers	1	2	3	4	
In the past five years, we have become better at understanding our competitors (current and potential)	1	2	3	4	
In the past five years, we have become better at utilizing our company resources in a coordinated manner to create superior customer value	1	2	3	4	

Organizational Learning Practices

Please indicate your level of agreement/disagreement with the following statement, with this phrase in mind: In our company

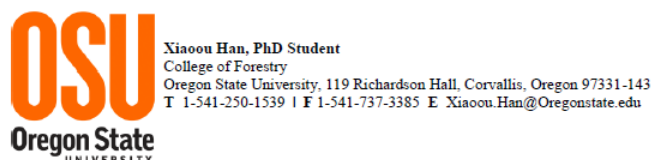
	Strongly disagree	Somewhat disagree	Neutral	Somewhat agree	Strongly agree
Managers basically agree that our organization's ability to learn is the key to our competitive advantage	1	2	3	4	5
The basic values of this organization include learning as key to improvement	1	2	3	4	5
The sense around here is that employee learning is an investment, not an expense	1	2	3	4	5
Learning in my organization is seen as a key commodity necessary to guarantee organizational survival	1	2	3	4	5
There is a commonality of purpose in my organization	1	2	3	4	5
There is total agreement on our organizational vision across all levels, functions, and divisions	1	2	3	4	5
All employees are committed to the goals of this organization	1	2	3	4	5
Employees view themselves as partners in charting the direction of the organization	1	2	3	4	5
We are not afraid to reflect critically on the shared assumptions we have made about our customers	1	2	3	4	5
Personnel in this enterprise realize that the very way they perceive the marketplace must be continually questioned	1	2	3	4	5
We rarely collectively question our own bias about the way we interpret customer information	1	2	3	4	5
We continually judge the quality of our decisions and activities taken over time	1	2	3	4	5
There is a good deal of organizational conversation that keeps alive the lessons learned from history	1	2	3	4	5
We always analyze unsuccessful organizational endeavors and communicate the lessons learned widely	1	2	3	4	5
We have specific mechanisms for sharing lessons learned in organizational activities from department to department (unit to unit, team to team)	1	2	3	4	5
Top management repeatedly emphasizes the importance of knowledge sharing in our company	1	2	3	4	5
We put little effort in sharing lessons and experiences	1	2	3	4	5

Corporate Social Responsibility (CSR) Practices

Please indicate your level of agreement/disagreement with the following statements, with this phrase in mind: In our company

	Strongly disagree	Somewhat disagree	Neutral	Somewhat agree	Strongly agree
Our company takes corporate social responsibility (CSR) into consideration when defining and setting purpose, values and vision	1	2	3	4	5
Our company takes ethical leadership in our sector	1	2	3	4	5
Our company has responsible relations with our customers, including marketing and advertising	1	2	3	4	5
Our company adopts CSR product labeling	1	2	3	4	5
Our company takes good measures to ensure wellbeing of our employees	1	2	3	4	5
Our company is fair in terms of employee remuneration	1	2	3	4	5
Our company is driving CSR-related standards through the supply chain	1	2	3	4	5
Our company promotes social and economic inclusion via the supply chain	1	2	3	4	5
We manage our stakeholders' concerns	1	2	3	4	5
We know our key stakeholders' main concerns	1	2	3	4	5
We provide various types of support to our communities	1	2	3	4	5
We support our communities by encouraging employee to volunteer their time	1	2	3	4	5
Our company is environmentally responsible when making decisions regarding resource use	1	2	3	4	5
We carefully plan our transport to reduce impacts upon the environment	1	2	3	4	5
Our company carries out internal/external auditing in order to fulfill our corporate social responsibility	1	2	3	4	5

Appendix B. Cover letter and questionnaires for assessing managers' perception of innovativeness, market orientation, learning orientation and corporate social responsibility implementation (Chinese version)



June 28, 2010

尊敬的,

我是一名来自美国俄勒冈州立大学林学院的博士研究生，您收到的这封调查问卷是我博士课题的一部分。我的博士研究主要围绕国际化林业公司的企业行为实践，包括创新，营销，企业社会责任，组织学习这几个方面。填写这份问卷大约需要 10 分钟的时间，您的回复对于这个课题和我的博士论文都是至关重要的。随调查问卷附上小礼物一份，以感谢您的帮助与合作。

请您将调查问卷填好装入我们所提供的信封中邮寄，您也可以选择在網上填写我们的问卷。网址是：<http://www.surveymonkey.com/s/GlobalForestSectorCN>。

如果您选择在網上填写我们的问卷，您需要输入以下标识码:xxx，同样地，您所收到的问卷上也会有标识码。我将会使用这些标识码来标识每一份问卷，而不会使用您的名字。您的名字将不会和您所填写的问卷联系起来。

如果您对这个课题的研究结果感兴趣，在问卷的第一页您可以选择留下您的联系方式。课题结束时，我们会将研究结果发送给您。您所提供的一切信息都会严格保密。

如果在两星期之内我们没有收到您的回复，我会向您致电询问。

如果您有任何问题，可以联系我，我的电子邮件和电话号码在本页的最上端；也欢迎您联系我的导师 Eric Hansen 教授，他的电子邮件是：Eric.Hansen2@Oregonstate.edu，电话号码为: 1-541-737-4240。

谢谢您的帮助。

韩晓藕
博士研究生

Eric Hansen
林业贸易学教授

国际林业公司的创新，营销，组织学习和企业社会责任

我们的研究将围绕国际林业公司的企业行为实践，此调查问卷是研究的一部分。

- 您的帮助对我们成功至关重要。
- 您填写的内容将会被严格保密。
- 如果您想知道研究的结果，请在下方横线处填写您的电子邮件地址，或者在您寄回问卷时，将您的名片一并寄给我们。



联系人: Eric Hansen, 林业产品营销教授, Eric.Hansen2@Oregonstate.edu

创新行为实践

请根据贵公司的情况，表明您对以下描述同意/不同意的程度：

	非常不同意	不太同意	中立	有些同意	非常同意
管理层积极寻求创新理念	1	2	3	4	5
经过研究而做出的创新，在公司容易被接受	1	2	3	4	5
管理层很容易接受创新	1	2	3	4	5
如果创新失败，那么创新的人会受到责罚	1	2	3	4	5
在我们公司，创新是受到鼓励的	1	2	3	4	5

就整个公司来说，贵公司为创新所做出的努力是如何分配的：

- _____ %

产品创新 – 创制或采用全新的或者是改进的产品设计
- _____ %

过程创新（技术创新）– 创制或采用全新的或者是改进的生产过程
- _____ %

商业系统创新 - 创制或采用全新的或者是改进的企业管理方法
- 100%

公司创新努力总和

营销行为实践

请对贵公在以下方面的努力程度做出评价：

	无	很小程度	一定程度	很大程度	极
我们常常自检是否兑现“满足顾客需求”的承诺，以及是否在朝这个方向努力	1	2	3	4	
我们的管理人员明白，公司的每一个人可以如何做，从而为顾客创造价值	1	2	3	4	
公司所有的职能部门(比如，营销/销售, 制造, 等等.) 都统一的为我们的目标市场服务	1	2	3	4	
我们的目标主要为提高顾客满意度所驱动	1	2	3	4	
我们的销售人员会关注竞争对手的策略，并向公司汇报	1	2	3	4	
公司各个部门会互相对对方的要求和需要求有求必应	1	2	3	4	
我们理解顾客的需要，然后根据顾客的需要来制定策略，确定自身竞争优势	1	2	3	4	
公司的高层管理人员会定期讨论竞争对手的优势和策略	1	2	3	4	
公司的高层管理人员会定期拜访我们现有的和潜在的客户	1	2	3	4	
为顾客创造更大的价值，是我们制定企业策略时的驱动力	1	2	3	4	
能够发挥自身的竞争优势，是我们选定目标客户群的准则	1	2	3	4	
我们公司的员工会互相交流和顾客有关的经历与经验，包括成功的和失败的	1	2	3	4	
我们密切关注我们的售后服务	1	2	3	4	
在过去五年里，我们对顾客的认识理解有所提高	1	2	3	4	
在过去五年里，我们对现有和潜在竞争对手的理解有所提高	1	2	3	4	
在过去的五年里，我们更好地协调性地利用公司资源，从而为顾客创造优良价值	1	2	3	4	

组织学习行为实践

请根据贵公司的情况，表明您对以下描述同意/不同意的程度：

	非常 不同意	不太同意	中立	有些 同意	非常 同意
公司的管理人员都基本同意 整个公司的学习能力是竞争优势的关键	1	2	3	4	5
学习是提高的关键，这是我们公司的基本价值观之一	1	2	3	4	5
我们公司认为花钱让雇员学习是一种投资而不是花销	1	2	3	4	5
学习被视为是公司生存的重要的必要条件	1	2	3	4	5
我们公司上下拥有一个统一的目标	1	2	3	4	5
公司各级部门对公司的远景有统一的认识	1	2	3	4	5
所有雇员都尽心尽力地为公司的目标奋斗	1	2	3	4	5
雇员视他们自己为制定企业发展方向的一分子	1	2	3	4	5
对于已经达成共识的对客户的一些假设，我们敢于进行反思，自我检讨	1	2	3	4	5
公司的职员意识到必须不断地检讨他们对市场的看法	1	2	3	4	5
我们很少共同质疑我们诠释和顾客相关的信息时可能产生的偏差	1	2	3	4	5
我们不断地评估我们过去的决策以及采取行动的质量	1	2	3	4	5
公司内部会有很多交流，确保了我们从过去的经历中学到的经验不被遗忘	1	2	3	4	5
当付出的努力、所作的工作没有成功，我们总是对其原因进行分析，并使得公司里的人都能学到其中的经验教训	1	2	3	4	5
我们有具体的机制使公司各部门之间可以互相交流各自的经验	1	2	3	4	5
公司的高级管理层会反复强调公司中大家相互学习的重要性	1	2	3	4	5
在公司里，我们很少相互交流经验和经历	1	2	3	4	5

企业社会责任行为实践

请根据贵公司的情况，表明您对以下描述同意/不同意的程度：

	非常 不同意	不太同意	中立	有些 同意	非常 同意
在我们设定企业的目标和价值观时，会将企业的社会责任考虑进去	1	2	3	4	5
我们公司在本行业中具有道德领导力	1	2	3	4	5
我们公司在一切方面都对客户负责，包括营销和广告	1	2	3	4	5
我们会在产品上贴有关企业社会责任的标签	1	2	3	4	5
我们公司采取各种措施以保障员工的福利	1	2	3	4	5
我们公司公平地对待员工薪酬	1	2	3	4	5
我们在供应商中推行与企业社会责任相关的标准	1	2	3	4	5
我们通过对供应商的影响来倡导社会与经济和谐发展的理念	1	2	3	4	5
我们会照顾到公司利益相关人群的忧虑	1	2	3	4	5
我们理解公司的主要利益相关人的主要忧虑	1	2	3	4	5
我们对我们公司所在的社区提供各种各样的支持	1	2	3	4	5
为了支持我们公司所在的社区，我们会鼓励我们的职员参与到公益事业当中去	1	2	3	4	5
在做有关资源利用的决策时，我们会付起对自然环境的责任	1	2	3	4	5
我们会仔细的计划我们的交通以及运输，以减少对环境的影响	1	2	3	4	5
为了履行企业社会责任，我们公司实行内部和外部的审计制度	1	2	3	4	5

Appendix C. Cover letter and questionnaires for assessing managers' perception of innovativeness, market orientation, learning orientation and corporate social responsibility implementation (Japanese version)



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June 28, 2010

拝啓,

はじめまして、突然のご連絡失礼いたします。

このたび、私のオレゴン州立大学林学部における博士論文研究の一貫として、このアンケートを送付させていただきました。研究にご協力いただくことへの感謝の気持ちとして、ささやかですがお礼の品をお受け取りください。

さて、この研究の目的は、森林関連のグローバル企業を対象として、イノベーション、マーケティング、**CSR(企業の社会的責任)**、組織的学習に関する最近の実践状況を調べることです。

アンケートへの回答はおよそ 10 分程度で終わります。あなたのご回答は、私どもの研究プロジェクトと私の博士論文を作成する上で非常に重要です。

アンケートにご回答いただき、同封しました封筒でご返送ください。アンケートは以下のウェブサイト上でも回答していただけます: <http://www.surveymonkey.com/s/GlobalForestSectorJP>。

もしインターネットによるアンケート回答を選ばれる場合、以下の PIN: xxx コードをご入力ください。ご回答していただく内容は決して外部には提供いたしません。PIN コードはアンケートの管理上の目的で、あなたのお名前をアンケートの送付リストから取り除くために使用いたします。

この調査の結果をお受け取りになりたい方は、アンケートの最初に書かれた連絡先までお知らせください。あなたが連絡先を提供されても、あなたの名前が調査結果に記載されることはございません。

なお、もしご回答を 2 週間以内に頂けない場合は、追加でお電話させていただきます。

もしご質問がある場合は、私または私の指導教員であるハンセン教授へ電話または E-メールでご連絡ください。Dr. Eric Hansen, Eric.Hansen2@Oregonstate.edu, 1-541- 737-4240.

それでは、ご多忙のところ恐れ入りますが、どうかご協力をよろしくお願いいたします。

敬具

Xiaoou Han
PhD Student

Eric Hansen
Professor of Forest Products Marketing

グローバル森林産業セクターにおけるイノベーション、マーケティング、組織的学習、および
CSR(企業の社会的責任)

このアンケートは、世界の森林産業における経営実践を調査する研究プロジェクトの一環で実施します。

- あなたのご協力が大変重要です。
- あなたのご回答は決して外部に漏洩しないことを約束します。
- 調査結果の送付をご希望される方は、下記に *e-mail* をお送りいただくか、名刺を同封してご返送下さい。



連絡先： エリック・ハンセン（オレゴン州立大学 林産物マーケティング学教授
Eric.Hansen2@oregonstate.edu

イノベーションの実践

貴社に関する以下の記述について、あなたはどの程度同意しますか。該当する数字に○を付けて下さい。

	全く そう 思わ ない	あまり そう 思 わない	ど ち ら と も い え ない	やや そ う 思 う	非常 に そ う 思 う
経営者は革新的なアイデアを得ようと努めている	1	2	3	4	5
研究成果に基づくイノベーションは貴社のなかで受け入れられやすい	1	2	3	4	5
イノベーションは経営者に受け入れられやすい	1	2	3	4	5
役に立たないアイデアを出した社員は罰せられる	1	2	3	4	5
イノベーションは貴社のなかで奨励されている	1	2	3	4	5

貴社では、どのようなイノベーションに力を入れていると思いますか。以下の3つについて、合計を100%
場合の各々の比率をご記入下さい。

- _____ % 製品のイノベーション- 新たな、もしくは改良された製品の開発や採用
- _____ % プロセスのイノベーション - 新たな、もしくは改良された製造方法の開発や採用
- _____ % 経営システムのイノベーション - 新たな、もしくは改良された経営管理手法の開発や採用
- 100% イノベーションへの取り組み

マーケティングの実践

貴社に関する以下の記述は、それぞれどの程度あてはまるとお考えですか。該当する数字に○を付

	全くあ てはま らない	少しあ てはま る	適度に あては まる	十分に あては まる	非 あ て は ま る
貴社では、顧客ニーズを満たすことに対する忠誠心や志向性の程度を常にモニターしている	1	2	3	4	
貴社の経営者は、顧客価値の創造に対して誰がどのように貢献できるかを理解している	1	2	3	4	
全ての経営機能（例えば、マーケティング・営業、製造など）が対象市場のニーズを満たすように統合されている	1	2	3	4	
貴社の目的は第一に顧客満足によって決められる	1	2	3	4	
貴社の営業員は、競合他社の戦略に関して社内での情報共有を定期的に行っている	1	2	3	4	
貴社の全ての部署がお互いのニーズ、要望に応えようとしている	1	2	3	4	
貴社の競争優位戦略は顧客ニーズの理解に基づいている	1	2	3	4	
最高経営者は競合他社の強みや戦略について定期的に議論している	1	2	3	4	
最高経営者は現在および将来の顧客を定期的に訪問している	1	2	3	4	
貴社の経営戦略は、顧客に対していかにより大きな価値を提供できるかに関する信念によって決定される	1	2	3	4	
貴社は競争優位の機会がある市場での顧客を対象としている	1	2	3	4	
貴社では、顧客との成功・失敗体験を社内ですべて自由に話し合える	1	2	3	4	
貴社は販売後のアフターサービスに特に注意している	1	2	3	4	
貴社では、過去5年の間に顧客についてより理解できるようになった	1	2	3	4	
貴社では、過去5年の間に（現在および将来の）競合他社についてより理解できるようになった	1	2	3	4	
貴社では過去5年の間に、卓越した顧客価値を創造するために社内の資源をより活用できるようになった	1	2	3	4	

組織的学習の実践

貴社に関する以下の記述について、あなたはどの程度同意しますか。該当する数字に○を付けて下さい。

	全くそ う思わ ない	あまり そう思 わない	どちら ともい えない	ややそ う思 う	非常に そう思 う
組織の学習能力が競争優位に立つ秘訣であることについて、経営者は基本的に同意している	1	2	3	4	5
貴社の基本的価値のなかに、学習が改善において重要であるということが含まれている	1	2	3	4	5
従業員の学習は投資であって費用ではない、と考えられている	1	2	3	4	5
貴社における学習は、企業の存続を保証する重要な取り組みと見なされている	1	2	3	4	5
貴社のなかには共通した目的がある	1	2	3	4	5
貴社のビジョンについて、あらゆる階層、機能、部門が合意している	1	2	3	4	5
全ての従業員が貴社の目標に対して献身的である	1	2	3	4	5
貴社の従業員は、自らが組織の方向を定める上でのパートナーであると認識している	1	2	3	4	5
貴社では、顧客に関して共に仮定した内容を批判的に振り返ることを恐れない	1	2	3	4	5
貴社の従業員は、市場の見方について常に疑問を持たなければならないことを理解している	1	2	3	4	5
貴社では、顧客情報の解釈の仕方に偏りがあると疑問に思うことはめったにない	1	2	3	4	5
貴社では、これまでに行った決定や活動の質について常に評価している	1	2	3	4	5
歴史から学んだ教訓を活かそうとする組織的な会話が十分に行われている	1	2	3	4	5
貴社では、成功しなかった組織的な試みを常に分析し、得られた教訓を広く伝えている	1	2	3	4	5
貴社には、組織的活動で得られた教訓を部署間（ユニット間、チーム間）で共有する特定の仕組みがある	1	2	3	4	5
最高経営者は、企業内で知識を共有することの大切さを繰り返し強調している	1	2	3	4	5
貴社では、教訓や経験を共有しようという努力をほとんど行っていない	1	2	3	4	5

CSR(企業の社会的責任)の実践

貴社に関する以下の記述について、あなたはどの程度同意しますか。該当する数字に○を付けて下さい

	まったく そう 思わない	あまり そう 思わない	どちら とも言 えない	やや そう 思う	非常に そう 思う
貴社では、目標や価値、ビジョンを決める際、企業の社会的責任（CSR）を考慮に入れている	1	2	3	4	5
貴社は業界における倫理面を主導している	1	2	3	4	5
貴社では、マーケティングや広告においても、顧客に対して責任ある関係を持っている	1	2	3	4	5
貴社はCSR製品ラベリングを採用している	1	2	3	4	5
貴社は従業員の福利厚生を保障するための良い手段がある	1	2	3	4	5
貴社は従業員の報酬に関して公正である	1	2	3	4	5
貴社はサプライチェーン全体にわたってCSRに関する基準を適用している	1	2	3	4	5
貴社はサプライチェーンを経由した社会的、経済的な取り込みを促している	1	2	3	4	5
貴社は利害関係者の懸念に対応している	1	2	3	4	5
貴社は利害関係者の主な懸念を知っている	1	2	3	4	5
貴社は地域に様々な種類のサポートを提供している	1	2	3	4	5
貴社は従業員によるボランティアを推進することで地域を支えている	1	2	3	4	5
貴社は資源利用に関して意志決定を行う際、環境に対する責任を持っている	1	2	3	4	5
貴社は環境負荷を軽減するため、輸送計画を慎重に立てている	1	2	3	4	5
貴社は企業の社会的責任を果たすため、内部・外部監査を実施している	1	2	3	4	5

Appendix D. Cover letter and questionnaires for assessing managers' perception of innovativeness, market orientation, learning orientation and corporate social responsibility implementation (Portuguese version)



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June 28, 2010

Prezado,

Esse questionário que você está recebendo é parte do meu projeto de pesquisa de doutorado no College of Forestry da Oregon State University. Por favor aceite essa lembrança como agradecimento por ajudarmos com esse estudo.

O objetivo dessa pesquisa é avaliar as práticas atuais de empresas florestais globais em termos de inovação, marketing, responsabilidade social corporativa e aprendizado organizacional.

Completar esse questionário deve levar aproximadamente 10 minutos do seu tempo. **Suas respostas são muito importantes para o sucesso do nosso projeto e da minha dissertação de doutorado.**

Por favor complete o questionário e envie-nos de volta no envelope fornecido. Se preferir, você pode completá-lo online: <http://www.surveymonkey.com/s/GlobalForestSectorPT>.

Se preferir participar online, por favor use o seguinte Número de Identificação Pessoal (PIN):xxx. A informação que você fornecer será considerada estritamente confidencial. O PIN e o número no questionário têm somente função administrativa e permitem que seu nome seja retirado da lista de participantes quando sua resposta for recebida.

No início do questionário, você poderá fornecer sua informação de contato para receber os resultados do nosso estudo. Mesmo que você forneça sua informação de contato, seu nome nunca será associado com suas respostas.

Se sua resposta não for recebida dentro de duas semanas, vou contactá-lo(a) por telefone como um lembrete.

Se tiver perguntas, por favor entre contato comigo no telefone ou email fornecidos acima. Você poderá também contactar meu orientador, Dr. Eric Hansen, no email Eric.Hansen2@Oregonstate.edu, ou telefone 1-541-737-4240.

Muito obrigado pela sua colaboração.

Sinceramente,

Xiaou Han
Estudante de Doutorado

Eric Hansen
Professor de Marketing de Produtos Florestais

Inovação, marketing, aprendizado organizacional e responsabilidade social corporativa no setor florestal global

Esse questionário é parte de um projeto que está investigando práticas de negócios na indústria global de produtos florestais.

- *A sua contribuição é extremamente importante para o sucesso desse projeto.*
- *Suas respostas vão ser tratadas com completa confidencialidade.*
- *Para obter os resultados desse estudo, forneça seu email abaixo ou inclua seu cartão de negócios quando retornar o questionário.*



Contato: Dr. Eric Hansen, Professor de Marketing de Produtos Florestais, Eric.Hansen2@Oregonstate.edu

Práticas de Inovação

Levando em consideração a sua empresa, indique se você concorda/discorda das seguintes frases:

	Discordo totalmente	Discordo parcialmente	Neutro	Concordo parcialmente	Concordo totalmente
A administração dessa empresa busca ativamente idéias inovadoras	1	2	3	4	5
Inovação, baseado em resultados de pesquisas, é prontamente aceita na nossa organização	1	2	3	4	5
Inovação é prontamente aceita pela diretoria	1	2	3	4	5
Pessoas são penalizadas por idéias que não funcionam	1	2	3	4	5
Inovação é encorajada na nossa organização	1	2	3	4	5

Para a sua empresa como um todo, por favor indique como as iniciativas de inovação são distribuídas entre os seguintes tipos de inovação:

- _____ % **Inovação de Produtos** – criação e/ou adoção de produtos novos e/ou melhorados
- _____ % **Inovação de Processos** – criação e/ou adoção de processos de produção novos e/ou melhorados
- _____ % **Inovação de Sistemas de Negócio** – criação e/ou adoção de métodos novos e/ou melhorados de administração de negócios
- 100% **Total de Iniciativas de Inovação**

Práticas de Marketing

Por favor avalie cada um dos seguintes itens, com essa frase em mente: Na minha empresa...

	De maneira nenhuma	Um pouco	Moderadamente	Bastante	Extra
Nós constantemente monitoramos nosso nível de comprometimento e orientação em servir as necessidades do consumidor	1	2	3	4	
Nossos gerentes entendem como todos na nossa empresa podem contribuir na criação de valor para o consumidor	1	2	3	4	
Todas as nossas funções de negócio (por exemplo, marketing/vendas, produção, etc) são integradas para servir as necessidades de nossos mercados alvos (target markets)	1	2	3	4	
Nossos objetivos de negócio são motivados primeiramente pela satisfação do consumidor	1	2	3	4	
Nossos vendedores regularmente trocam informações dentro da nossa organização sobre estratégias usadas por competidores	1	2	3	4	
Todos os departamentos na nossa empresa são receptivos as necessidades e pedidos dos outros departamentos	1	2	3	4	
Nossa estratégia de vantagem competitiva é baseada em como entendemos as necessidades do consumidor	1	2	3	4	
A diretoria discute regularmente as vantagens e estratégias dos competidores	1	2	3	4	
Gerentes de toda a empresa visitam regularmente nossos clientes atuais e clientes em potencial	1	2	3	4	
Nossas estratégias de negócio são motivadas por acreditarmos que podemos criar maior valor para os consumidores	1	2	3	4	
Nós focalizamos em consumidores que oferecem uma oportunidade de vantagem competitiva	1	2	3	4	
Nós comunicamos amplamente na nossa empresa informação sobre nossas experiências com clientes, as que tiveram sucesso ou não	1	2	3	4	
Nós prestamos muita atenção no nosso serviço de atendimento pós-venda	1	2	3	4	
Nos últimos cinco anos nós passamos a entender melhor nossos consumidores	1	2	3	4	
Nos últimos cinco anos nós passamos a entender melhor nossos competidores (atuais e possíveis)	1	2	3	4	
Nos últimos cinco anos nós passamos a utilizar melhor os recursos da nossa empresa, de uma maneira coordenada, para criar um valor superior para o consumidor	1	2	3	4	

Práticas de Aprendizado Organizacional

Por favor indique o quanto concorda ou discorda das seguintes declarações, mantendo essa frase em mente: Na nossa empresa...

	Discordo totalmente	Discordo parcialmente	Neutro	Concordo parcialmente	Concordo totalmente
Gerentes concordam que a capacidade de aprendizado da nossa organização é essencial para a nossa vantagem competitiva	1	2	3	4	5
Os valores básicos dessa organização incluem aprendizado como um componente essencial de melhoria da empresa	1	2	3	4	5
A percepção aqui é de que os processos de aprendizado de funcionários são um investimento e não uma despesa	1	2	3	4	5
Aprendizado na minha empresa é visto como uma mercadoria essencial para garantir a sobrevivência organizacional	1	2	3	4	5
Existe um sentimento de objetivo em comum na minha organização	1	2	3	4	5
Todos os níveis, funções e divisões da nossa organização concordam com a nossa visão organizacional	1	2	3	4	5
Todos os funcionários são comprometidos com os objetivos dessa organização	1	2	3	4	5
Funcionários vêem a si mesmos como sócios na hora de traçar a direção que essa organização irá tomar	1	2	3	4	5
Não temos medo de refletir criticamente sobre as suposições que fazemos sobre nossos clientes	1	2	3	4	5
Funcionários dessa empresa sabem que devem continuamente questionar o modo como eles entendem o mercado	1	2	3	4	5
Nós raramente questionamos coletivamente os nossos próprios preconceitos sobre o modo como interpretamos informação sobre clientes	1	2	3	4	5
Nós julgamos continuamente a qualidade das decisões que tomamos e das atividades que realizamos ao longo do tempo	1	2	3	4	5
Existem muitas histórias contadas dentro da nossa organização que ajudam a manter vivas as lições aprendidas em situações passadas	1	2	3	4	5
Nós sempre analisamos iniciativas organizacionais que não tiveram sucesso e comunicamos amplamente as lições aprendidas	1	2	3	4	5
Nós temos mecanismos específicos que são usados para difundir lições aprendidas em atividades organizacionais de um departamento para outro (de uma unidade para outra, de um time para outro)	1	2	3	4	5
A alta administração enfatiza repetidamente a importância de compartilhar conhecimento na nossa empresa	1	2	3	4	5
Nós não nos esforçamos muito para compartilhar lições e experiências	1	2	3	4	5

Práticas de Responsabilidade Social Corporativa (CSR)

Por favor indique o quanto concorda ou discorda com as seguintes declarações, mantendo essa frase em mente: Na nossa empresa...

	Discordo totalmente	Discordo parcialmente	Neutro	Concordo parcialmente	Concordo totalmente
Nossa empresa leva responsabilidade social corporativa (CSR) em consideração quando define objetivos, valores e visões	1	2	3	4	5
Nossa empresa é líder em ética no nosso setor	1	2	3	4	5
Nossa empresa tem relacionamentos responsáveis com nossos consumidores, incluindo propaganda e marketing	1	2	3	4	5
Nossa empresa adota selos que garantem a responsabilidade de nossos produtos	1	2	3	4	5
Nossa empresa toma medidas para garantir o bem-estar dos nossos funcionários	1	2	3	4	5
Nossa empresa é justa na remuneração de nossos funcionários	1	2	3	4	5
Nossa empresa está incentivando a adoção de padrões relacionados a CSR em sua cadeia de valor	1	2	3	4	5
Nossa empresa promove inclusão social e econômica através de sua cadeia de valor	1	2	3	4	5
Nós gerenciamos as preocupações e opiniões dos nossos grupos de interesse (stakeholders)	1	2	3	4	5
Nós sabemos quais são as preocupações centrais dos nossos principais grupos de interesse (stakeholders)	1	2	3	4	5
Nós fornecemos diferentes tipos de apoio as nossas comunidades	1	2	3	4	5
Nós apoiamos nossas comunidades encorajando funcionários a voluntariar seu tempo para trabalhos comunitários	1	2	3	4	5
Nossa empresa é ambientalmente responsável quando toma decisões sobre o uso de recursos	1	2	3	4	5
Nós planejamos cuidadosamente nosso transporte para reduzir os impactos ao meio ambiente	1	2	3	4	5
Nossa empresa conduz auditorias internas/externas para cumprir com a nossa responsabilidade social corporativa	1	2	3	4	5

Appendix E. Oral informed consent and interview questions to U.S. private sawmilling company managers

Assessing Business Practices in the Global Forest Industry: Implications for U. S. Competitiveness

1. I am asking you to participate in a research project entitled, Assessing Business Practices in the Global Forest Industry: Implications for U. S. Competitiveness
2. The people responsible for this research are Professor Eric Hansen and myself, Xiaouu Han
3. The purpose of this study is to describe how business practices have evolved over time in the forest industry and to provide implications to U. S forest companies of how to achieve competitiveness.
4. I will be interviewing you about business practices of your firm. With your permission I will be using a digital audio recorder. The interview should last less than one hour.
5. There is a small risk of breach of confidentiality, but we have mechanisms in place to assure this does not happen. For example, individual and company names will not be associated with file names and we will never use your name or your company name in publications.
6. Your participation is totally voluntary and you can skip questions or stop at any time.
7. The project is funded by the US Department of Agriculture.
8. If you have any questions or concerns about this study you can contact Eric Hansen (eric.hansen2@oregonstate.edu), 541-737-4240 or the Oregon State University Institutional Review Board (IRB) Human Protections Administrator, at (541) 737-8008 or by email at IRB@oregonstate.edu.

1. Can you tell me about your background?
2. What responsibilities do you have for your current position/ previous background related to marketing?
3. Could you draw a simple organizational structure of your company and indicate where marketing fits?
4. Could you please describe your company's general philosophy or approach to marketing?
5. Could you please describe your major marketing strategies?
6. Could you please describe your major marketing tactics or activities?
7. Based on your experience in this company, please describe the development/evolution of the marketing philosophy/approach during the past several years. What impact does the recession have on the marketing in your company? Where do you think marketing will go in the future?