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## Marketing sophistication in private U.S. sawmilling companies

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**Description:** Examination of marketing culture, marketing strategies and the role of marketing in private U.S. sawmilling companies

**Methods:** Case study

**Data Source:** Personal interviews with top executives, field notes and company website information from 20 private U.S. sawmilling companies

### Key Findings:

- Managers tend to equate marketing with sales and promotion
- Most companies had a sales department rather than an integrated marketing department
- Most companies tend to be production/sales oriented and focus on enhancing manufacturing efficiency and pursuing a "low cost, low price" strategy

### Introduction

The term "marketing sophistication" is used in this research to characterize how marketing is understood and implemented in a firm. General trends suggest that firms in the forest sector are becoming more advanced in their approach to marketing. Traditionally, firms have been shown to possess a production/sales orientation (less sophisticated), but are trending toward a customer/market/stakeholder orientation (more sophisticated). However, there is no systematic investigation of marketing sophistication, especially in the context of the forest products industry. This research closely examines the marketing sophistication in private U.S. sawmilling companies by looking at the marketing culture/philosophy, marketing strategies/plans and specific marketing activities in each company.

Specifically, we look at private U.S. sawmilling companies to determine:

- How marketing is understood in these companies and what is their marketing culture
- What marketing strategies are implemented in these companies
- How is marketing practiced in these companies
- What are the changes made regarding marketing practices in these companies during the years of recession

### Methods

Managers in 20 firms were interviewed. Other data came from company web sites. Analysis consisted of careful reading of interview transcripts and identification of themes common among the views of interviewed managers. The companies include both softwood and hardwood sawmilling companies, located in the East, South and West & West North Central regions of the U.S. All the people interviewed were in the top management of their firms.

### Results

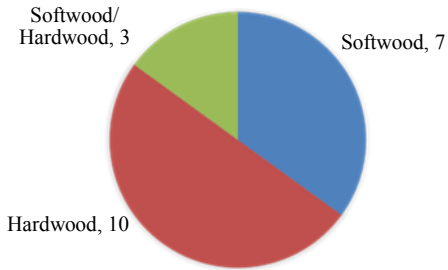
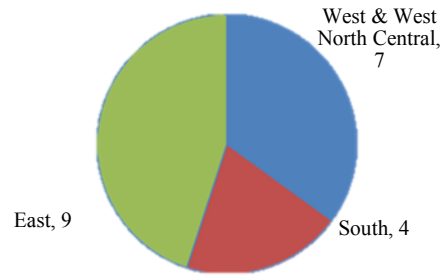
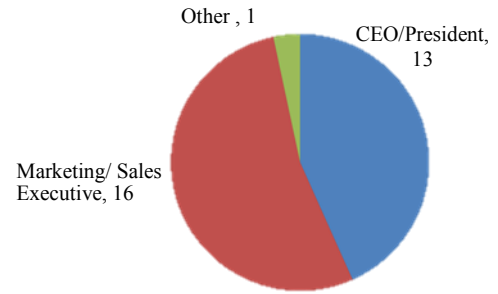
Figure 1 provides general information about the studied companies.

According to their marketing sophistication, the firms studied could be divided into three groups: Pioneers, Followers and Idlers. The Pioneers continuously attempted to seek out ways to meet customer needs and exploit market opportunities. They were market driven and proactive in making changes. Being less sophisticated, the Followers also addressed customer needs but did so mostly in a responsive way. They were still mainly production/sales oriented. Finally, the Idlers were not willing to make changes. 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 are Followers. This indicates a general pattern among sawmilling companies being mainly production/sales orientated with some emergence of a customer/market orientation.

The general patterns and trends regarding marketing in the studied companies are briefly described below.

**Definition of marketing.** Managers tended to equate marketing with sales or promotional activities. Only a few of them mentioned customer/market/stakeholder orientation, which is identifying and meeting the needs of the customer and other groups that could influence the company (e.g., community, environmental groups, employees, etc.).

**Marketing culture.** Marketing culture in the studied companies was mixed, according to what the managers expressed. Many manager comments regarding lumber being a commodity and price being essential were consistent with the traditional produc-

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tion/sales orientation. However, some managers also mentioned a customer/market-focused approach, which concentrated on specific customer needs and market trends. In general, the traditional production/sales orientation still plays a dominant role in the studied companies.

**Marketing strategies.** Although commenting a lot about lumber being a commodity when answering the marketing culture question, few claimed a commodity product strategy. Instead, managers emphasized differentiation and specialization of their products for a select group of customers. Also, there was agreement on selling to nearby markets and quality and price were the two most often mentioned core competencies.

**Marketing Department.** All of the companies studied have a department that was named marketing, sales or marketing/sales. These departments mainly consist of sales managers and sales people, even though some of the positions were named with the word “marketing” in them.

**Marketing activities.** Managers talked extensively about selling, which was mostly through direct contact and customer visits. Another marketing activity emphasized by the managers was marketing communication, mainly through advertisements and tradeshow. Electronic advertising was considered a favored way to advertise by some managers.

**Changes in marketing.** Managers expressed that they became more aware of customer needs and more flexible with special requests from customers. Also, instead of focusing solely on the U.S. domestic market, companies were exploring opportunities overseas, for instance in China and India. Additionally, they were eliminating much of their advertisements in the traditional paper media and started to invest more in developing/upgrading websites. Many of these changes were driven by the necessity of surviving the Great Recession.

### Managerial Implications

The results of this study show that there is room for private U.S. sawmilling companies to enhance their marketing sophistication. This is especially important for marketing culture, since marketing culture determines the other aspects

of marketing, including marketing strategies and practices.

Although firms still tend to be production/sales-driven and put more focus on manufacturing efficiency and sales tactics, previous research has shown that being market/stakeholder-driven with the concentration on identifying and meeting the needs of the customers and stakeholders can lead to improved competitiveness and better performance. This study did not investigate this relationship. However, the Pioneers did appear to be doing better than the Followers and Idlers, based on what the managers said.

Sawmilling companies manufacturing hardwood lumber are generally more sophisticated in their marketing than those manufacturing softwood lumber products. For instance, managers in hardwood sawmilling companies were more enthusiastic about product differentiation and customization. It may be that hardwood products have more potential for differentiation than softwood products, especially dimension lumber.

It should be remembered, however, that the physical product itself is not the only place where companies can make a difference. Based on the total product concept, the physical product is only one component of the offering. The “total product” also includes other attributes and benefits that are bundled together with the physical product, such as service and brand. When making purchasing decisions, customers consider the whole “package” and go for the option that provides them with the highest value. Companies should continually use the concept of a total product differentiate themselves and their products in the market place.

Finally, although each company has its own unique situation leading to a different marketing approach, each can benefit from a more sophisticated, outward-looking philosophy of marketing. This can keep them competitive in an ever-changing global