The impact of hybrid strategies on organisational performance within the New Zealand food export sector

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2015

The impact of hybrid strategies on organisational performance within the New Zealand food export sector.

A thesis submitted in partial fulfilment of the degree of Doctorate of Business Administration at the Southern Cross University

Alister King

Southern Cross University
Statement of Original Authorship

I certify that the substance of this thesis has not been submitted for any degree and is not currently being submitted for any other degree or degrees.

I also certify that to the best of my knowledge any assistance received in preparing this thesis, and all sources used, has been acknowledged accordingly.

Alister John King

2015
Acknowledgements

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I am unable to thank individually every research participant and organisation, due to anonymity reasons; however, without you all, none of this research would have been possible. Each of you invested a lot of time, for which I collectively thank you all.
Abstract

Current literature is divided with regard to the success of organisations in the simultaneous pursuit of both low cost and differentiation strategies. This combination, or ‘hybrid’ strategy, is defined as giving equal emphasis to both cost leadership and differentiation generic strategies; is said to involve different skills and resources; and is associated with different organisational requirements, systems, and control mechanisms. The incompatibility between costs and differentiation competitive strategies has also resulted in the expression of organisations labelled as being 'stuck-in-the-middle.' The majority of current research is quantitative in methodology and undertaken within the confines of Europe and the United States.

This research seeks to address some of this theory imbalance by undertaking research into the linkage between organisational strategy and organisational success within the confines of the New Zealand food export sector.

The research was designed to provide an explanation as to how New Zealand food exporters integrate the equal emphasis of both cost leadership and differentiation generic strategies into their organisation and to specifically:

- Explain the effect that hybrid strategy adoption will have on the marketing mix and the reasons why this will occur;
- Examine the merit in the commonly understood theory that higher costs are anticipated with differentiation, and lower costs are anticipated with cost leadership;
- Identify the key factors that support the application of hybrid strategies and enable successful organisational performance.

The primary purpose of this research was, first, to understand how New Zealand organisations operating within the food export sector integrate the simultaneous pursuit and equal emphasis of both cost leadership and differentiation strategies into their organisation. The second purpose, aimed to highlight the key enablers that these same organisations believe attribute to their organisation’s success.
The research adds to existing theory in two areas. The first addition is regarding the inter-relationships between hybrid, generic and export marketing strategy, and the linkages to standardisation of elements of the marketing mix and to organisational success. The second addition to theory is the contribution to a greater understanding of how organisations simultaneously integrate dual generic strategies particularly within the confines of organisational structure, management, culture, and external enablers.

Qualitative case study methodology was adopted in this research in order to provide a rich and astute insight into facets of organisational management previously unable to be captured by prior quantitative research. Four proven performing New Zealand food export case study organisations were purposively selected, with each operating a hybrid strategy and operating their own manufacturing facility. Research data was collected primarily by semi-structured interviews with case study findings distilled, allowing differences, additions and similarities to existing theory to be identified.

Adopting this methodology allowed a number of conclusions to be drawn as they related to the New Zealand food exporting sector. Conclusive findings were generated as they pertained to how New Zealand food exporting organisations operating a hybrid strategy could potentially standardise elements of the marketing mix. The study also showed internal organisational mechanisms for the balancing of the higher costs associated with differentiation with the lower costs associated with cost leadership. Finally, the study was able to provide evidence of the factors associated with enabling successful organisational performance when integrating hybrid strategies within the confines of the New Zealand food sector.

The aim of this research thesis is to provide an understanding of hybrid strategy usage within the context of the New Zealand food export sector to New Zealand food manufacturers, New Zealand Food and Beverage organisational members and associated government export agencies. In addition, the study provides a number of future research recommendations with the specific aim of ensuring that New Zealand food manufacturers have clear marketing policy guidelines that are able to advance New Zealand’s future economic benefit.
### Key words in the study

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Preface

The impetus for this research stems from a personal curiosity as to how New Zealand food export organisations could better position themselves, from a strategic perspective, against competing global food suppliers. Many competing global suppliers have greater economies of scale and greater access to resources in combination with the associated advantage of being in closer geographic proximity to the market place.

I have personally accumulated more than 15 years commercial experience, working within the confines of the New Zealand food export sector. The majority of this work experience has been within the marketing and sales functions of large corporate-style organisations as well as a number of smaller to medium sized organisations.

The combination of work experience in addition to a desire to understand the strategic nuances surrounding smaller organisations’ ability to compete with larger more efficient global food processors, is the primary driver of personal motivation for this study. Through offering products that are able to capture higher product margins due to inherent meaningful product points of difference, New Zealand food exporters should be better placed to withstand the ongoing competitive pressures within the global marketplace.

Much of my work experience involves participation in the continuing debate with regard to the roles of marketing staff, who are charged with extracting the maximum price for the products under manufacture, and the roles of production personnel, who are charged with the manufacture of product with the lowest possible cost structure. More often than not, the winner of the debate is the department with the stronger personalities. This dispute has often resulted in polarisation with few participants acknowledging that perhaps the strategic solution is located somewhere in the centre i.e. an equal emphasis of both cost leadership and differentiation generic strategies.

To comprehend this, it is important to seek explanations and understanding from sources that provide commercial truths. This research document is therefore a record of my learning journey and academic discoveries surrounding this topic of interest.
Chapter 1: Introduction to the research

Chapter 1: Introduction to the Research

1.1 Introduction

This chapter explains the context to the research, lays down the foundation of the research topic and provides the foundation of the research overview. The chapter is organised into nine sections as follows:

- Introduction (Section 1.1)
- Background to the research (Section 1.2)
- Research problem and research questions (Section 1.3)
- Justification for the research and contribution (Section 1.4)
- Methodology (Section 1.5)
- Definitions (Section 1.6)
- Delimitations of scope (Section 1.7)
- Structure of thesis (Section 1.8)
- Conclusion (Section 1.9)

The structure of this chapter is presented in Figure 1.1.
Figure 1.1 Structure of Chapter 1

Introduction (1.1)

Background to the research (1.2)

Research problem and research questions (1.3)

Justification for the research and contribution (1.4)

Methodology (1.5)

Definitions (1.6)

Delimitations of scope (1.7)

Structure of thesis (1.8)

Conclusions (1.9)

Source: developed for this research.
1.2 Background to the research

Over the years, substantial research has been undertaken and published within the areas of both generic organisational strategy and export marketing strategy together with the corresponding impact upon organisational performance. This is evidenced by the work of a number of researchers (Aaby & Slater 1989; Cavusgil & Zou 1994; Crick & Katsikeas 1995; Hultman, Robson & Katsikeas 2009; Ogunmokun & Ling- yee 2001; Parnell 2010; Virvilaite, Seinauskiene & Sestokiene 2011). Research has shown mixed results with regard to the impact of strategy upon organisational performance. Some research results have supported the proposition of the single or the alternatively named ‘pure option’ strategy (Aaby & Slater 1989; Cavusgil & Zou 1994; Crick & Katsikeas 1995; Hultman, Robson & Katsikeas 2009; Ogunmokun & Ling-yee 2001; Parnell 2010; Virvilaite, Seinauskiene & Sestokiene 2011), while other researchers have found that hybrid strategies can outperform pure strategies (Buzzell & Gale 1987; Gopalakrishna & Subramanian 2001; Hill 1988; Miller & Dess 1993; Murray 1988; Parnell et al. 2012; Parnell & Wright 1993; Pertusa-Ortega, Molina-Azorin & Claver-Cortes 2009; Salavou 2013; Spanos, Zaralis & Lioukas 2004). Hybrid strategies are defined as the dual or equal emphasis of both cost leadership and differentiation strategies (Wright et al. 1991).

As a consequence, a debate has developed surrounding the question of whether pure strategies outperform hybrid strategies in a global commercial environment that is becoming more dynamic and turbulent. Research does suggest that an organisation under a particular set of circumstances within a particular foreign market at a specific period of time, and one that gives equal emphasis to both cost leadership and differentiation strategies, i.e. hybrid strategy, will result in an organisational performance that is superior to following a single pure strategy (Miller & Dess 1993; Pertusa-Ortega, Molina-Azorin & Claver-Cortes 2009). For example, research has shown that the adoption of hybrid strategies offers a competitive advantage for Greek food organisations operating both domestically and internationally (Salavou 2013).

Therefore, in such situations organisations can and do face decisions regarding the appropriate levels of standardisation of elements within the marketing mix. There appears to be no right or wrong blend of either standardisation or adaptation, and that
the optimal mix will ultimately be determined by the specific external forces to the organisation (Katsikeas, Samiee & Theodosios 2006).

From the initial literature review, it appears evident that the great majority of research undertaken to date has focused on the United States and Europe (Ghobadian, Veettil & O’Regan 2006). The absence of similar specific New Zealand based research, coupled with the inability to generalise research findings from other industry and other country research, results in a theory gap in the current literature and gives rise to the research problem.

1.3 Research problems and research questions

1.3.1 Research problem

In the previous section, the background to the research and an initial literature review was presented. The research problem for this study can therefore be defined as:

Some New Zealand food exporters successfully integrate the use of hybrid strategies (i.e. the equal emphasis of both cost leadership and differentiation strategies) into their organisational marketing mix; however, the key enablers of their successful organisational performance are not fully understood.

The research problem gives rise to three specific research questions.
1.3.2 Research questions

The research will provide an explanation as to how New Zealand food exporters integrate an equal emphasis of both cost leadership and differentiation strategies into their organisation and to specifically:

- Explain the effect that hybrid strategy adoption will have on the marketing mix and the reasons why this will occur;
- Examine the merit in the commonly understood theory that higher costs are anticipated with differentiation, and lower costs are anticipated with cost leadership;
- Identify the key factors that support the application of hybrid strategies and enable successful organisational performance.

Therefore, the resulting research questions for this thesis are:

When successfully integrating the simultaneous pursuit and equal emphasis of both cost leadership and differentiation strategies into New Zealand food export organisations:

- What impact does the application of hybrid strategies have upon the standardisation of the marketing mix and why is this the case? (RQ1);
- How do organisations best balance the higher cost anticipated with differentiation with the lower costs anticipated with cost leadership when successfully integrating hybrid strategies? (RQ2);
- What factors enable successful organisational performance when integrating hybrid strategies? (RQ3)

1.4 Justification for the research and contribution

1.4.1 Justification for the research

An initial literature search posits that there is little agreement between researchers with regard to the impact of strategy upon organisational performance. There also appears to be a dearth of research as to how New Zealand food exporters should approach strategy within the context of successful hybrid strategy integration.
A lack of agreement exists as to the appropriateness and applicability of hybrid strategy with various researchers naming this phenomenon as being stuck in the middle. As a consequence of being stuck in the middle, many organisations operate at average to below average organisational performance (Porter 1980). Other researchers provide evidence that hybrid strategies can and do provide superior organisational performance (Buzzell & Gale 1987; Gopalakrishna & Subramanian 2001; Hill 1988; Miller & Dess 1993; Murray 1988; Parnell et al. 2012; Parnell & Wright 1993; Pertusa-Ortega, Molina-Azorin & Claver-Cortes 2009; Salavou 2013; Spanos, Zaralis & Lioukas 2004).

Literature surrounding the topic regarding appropriate levels of standardisation of elements of the marketing mix indicates the importance of the context to which it is applied. Therefore, much of the current literature cannot be generalised to other industries and/or countries (Sousa, Martinez-Lopez & Coelho 2008). Consequently, as the majority of the currently available research focuses upon the United States and Europe (Ghobadian, Veetil & O'Regan 2006), there is limited ability to generalise research findings into the New Zealand primary sector context and in particular to the New Zealand food export sector.

1.4.2 Contribution of the Research

The question as to why some export organisations succeed or fail raises some complex issues. One study suggests that export performance is directly influenced by an organisation’s business strategy (Aaby & Slater 1989). Other researchers posit that continued adherence to strategy could potentially be harmful to an organisation, with the belief it can limit organisational competitiveness (Hair et al. 1998; Zahra et al. 2008). Furthermore, other researchers suggest that to concentrate on organisational efficiency levels and tactics suffices as mechanisms to improve organisational performance (Zhang, Cavusgil & Roath 2003). In parallel to this there is another opinion that strategy does affect the organisational performance and that only certain sets of strategy can provide a competitive advantage (Porter 1985). Therefore, any effort to understand success must rest on an underlying theory of the organisation and an associated theory of strategy (Porter 1991).
Chapter 1: Introduction to the research

The majority of research undertaken within the area of organisational performance and strategic fit appears to be quantitative in nature (Sousa, Martinez-Lopez & Coelho 2008). This results in a potential lack of rich and insightful qualitative case study research material regarding an organisation’s structural, management, cultural, and resource requirements necessary for successful hybrid strategy integration and relative organisational performance. In addition to this, research into hybrid strategies within the food industry is limited (Peters & Zelewski 2011).

As a result, the primary purpose of this research is to understand first how New Zealand organisations operating within the food export sector integrate the simultaneous pursuit and equal emphasis of both cost leadership and differentiation strategies into their organisation. The second purpose of the research is to highlight the key enablers that these same organisations believe attribute to their organisation’s success.

The research contributes to existing theory in two areas. The first addition is regarding the inter-relationships between hybrid, generic, and export marketing strategy and the linkages to standardisation of elements of the marketing mix and to organisational success. The second addition to theory is the contribution to a greater understanding of how organisations simultaneously integrate dual generic strategies, particularly within the confines of organisational structure, management, culture, and external enablers.

1.5 Methodology

The research is qualitative in nature with an interpretivist paradigm engaging four purposively selected case study organisations for data collection purposes. The thesis separates the research into four separate phases. These are the case study selection phase, qualitative research phase, qualitative data research analysis phase and finally the formulating explanations phase (see Figure 1.2).

The case study selection phase involves the selection of four purposively selected organisations. Each organisation must display evidence of being a food exporter, be New Zealand based, demonstrate ownership of their own manufacturing facility, be a proven performer, and provide evidence of use of a hybrid strategy.
The qualitative research phase involves a mixture of semi-structured open-ended interviews, modified Delphi and focus groups. The first interview collects documentation and records in order to determine the characteristics of the case study organisation. The second interview is an open-ended, face-to-face set of structured interview questions. The third and fourth time-periods make use of a modified Delphi technique and focus group respectively.

The third phase involves the analysis of interview data where linkages, correlations, and statements are matched to the three research questions. The fourth and final phase presents the formulation of explanations, with conclusions drawn in relation to the existing theories discussed in Chapter 2.

**Figure 1.2 Thesis research phases**

<table>
<thead>
<tr>
<th>Phase 1:</th>
<th>Case study selection phase</th>
</tr>
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<tbody>
<tr>
<td></td>
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<tr>
<td>Phase 2:</td>
<td>Qualitative research phase</td>
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<td></td>
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<td>Phase 3:</td>
<td>Qualitative data research analysis phase</td>
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<tr>
<td>Phase 4:</td>
<td>Formulating explanations phase</td>
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</table>

*Source: developed for this research.*

1.6 Definitions

Often definitions adopted by researchers are not uniform in nature. Therefore, key and controversial terms are defined to establish positions taken in this thesis (see Table 1.1).
Table 1.1 Working definitions used in this thesis

<table>
<thead>
<tr>
<th>Term</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost leadership</td>
<td>The firm sets out to become the low cost-cost producer in its industry. The firm has a broad scope and serves many industry segments, and may even operate in related industries—the firm’s breadth is often important to its cost advantage (Porter 1980, p. 12).</td>
</tr>
<tr>
<td>Differentiation</td>
<td>A firm seeks to be unique in its industry along some dimensions that are widely valued by buyers. It selects one or more attributes that many buyers in an industry perceive as important, and uniquely positions itself to meet those needs. It is rewarded for its uniqueness with a premium price (Porter 1980, p. 14).</td>
</tr>
<tr>
<td>Hybrid strategy</td>
<td>Organisations that place a dual and equal emphasis on low cost and differentiation (Wright et al. 1991).</td>
</tr>
<tr>
<td>performance</td>
<td></td>
</tr>
<tr>
<td>Qualitative research</td>
<td>An inquiry process of understanding based on distinct methodological traditions of inquiry that explore a social or human problem. The research builds a complex, holistic picture, analyses words, reports detailed views of informants and conducts the study in a natural setting (Creswell 1998, p. 15).</td>
</tr>
<tr>
<td>Strategy</td>
<td>Deliberate conscious set of guidelines that determines decisions into the future (Mintzberg 1978, p. 935).</td>
</tr>
<tr>
<td>Stuck in the</td>
<td>Those organisations that do not give emphasis to cost leadership, differentiation or integrated strategy (Nandakumar, Ghobadian &amp; O'Regan 2011, p. 238).</td>
</tr>
<tr>
<td>middle</td>
<td></td>
</tr>
</tbody>
</table>

*Source: developed for this research.*

1.7 Delimitations of scope

Five delimitations exist of this research. First, the research is limited to the study of New Zealand food exporters and restricts itself to this specific market segment.
Secondly, the proposed research is a snapshot in time only and therefore any potential longitudinal cause-and-effect relationships in the study of strategic fit, organisational performance and standardisation/adaptation are not captured.

Thirdly, the research is restricted to organisations that manufacture and export product within their own facilities, i.e. the research excludes organisations that do not own their own manufacturing facilities.

Fourthly, a corporate level strategy is aggregated to an extent that hinders understanding the possible strategic responses to external environmental influences such as entry and exit of competitors and technological changes, and therefore the research limits itself to business level strategy (Venkatraman 1989).

Finally, the research is limited to the question of ‘how to compete’ within the confines of the New Zealand food export sector and does not propose to explore the strategy question of ‘where to compete’ (Mintzberg 1988).

1.8 Structure of thesis

The thesis is structured into five separate chapters (see Figure 1.3). The first of these is the introduction chapter followed by a literature review, outline of research methodology, data analysis, and finally the thesis conclusions and implications.

The introduction chapter provides initial background to the research and identifies both the research problem and research questions. The chapter provides both justification and academic contributions for the research. Also included in this chapter is an overview of the research methodology, definitions, delimitations of scope, and structure of the thesis.

The literature review chapter identifies existing literature relevant to the research topic under investigation. The chapter provides a detailed literature discussion of current strategy theory, generic organisational strategies, export marketing strategies and the application of strategy in New Zealand food and export organisations.

The third chapter explains and justifies the use of case study methodology for collecting and analysing the data used in this thesis. In addition to this, Chapter 3
identifies the criteria used for the selection of the four case study organisations, data collection procedures, limitations and ethical considerations.

Chapter 4 presents the information gathered and discusses the analysis process. The chapter outlines the backgrounds of each of the participating case study organisations, the methods employed in the data analysis and the research data as it pertains to each of the three research questions.

Chapter 5 is the final chapter of the thesis and provides conclusions for each of the three research questions. The chapter also considers implications and limitations of the research while also providing direction for further research.

Figure 1.3 **Structure of thesis**

![Diagram of thesis structure]

*Source: developed for this research.*
1.9 Conclusions

In this chapter, an overview and introduction to the research topic is presented with the research problem under investigation being defined as:

Some New Zealand food exporters successfully integrate the use of hybrid strategies (i.e. equal emphasis of both cost leadership and differentiation strategies) into their organisational marketing mix; however, the key enablers of their successful organisational performance are not fully understood.

In addition to the research problem, three specific research questions, justification for the research, methodology, definitions, delimitations, and a structural overview of the thesis are explained. In the next chapter, Chapter 2, a review of the literature encompassing the two parent disciplines, being the generic organisational strategy and export marketing strategy, will be presented. Also presented in Chapter 2 will be a discussion of the immediate discipline, being the application of strategy in New Zealand food export organisations.
Chapter Two: Literature Review

2.1 Introduction

In the previous chapter, Chapter 1, the background to the study was presented. The purpose of Chapter 2 is to review the literature and identify research issues as they pertain to the New Zealand export of food. This chapter is divided into nine main sections as presented below:

- Introduction (Section 2.1)
- Strategy overview (Section 2.2)
- Generic strategies (Section 2.3)
- Export marketing strategy (Section 2.4)
- The application of strategy in New Zealand food export organisations (Section 2.5)
- Literature review summary (Section 2.6)
- Gaps in the literature (Section 2.7)
- Research problem and research questions (Section 2.8)
- Conclusions (Section 2.9)

The structure of this chapter is presented in Figure 2.1.
Figure 2.1 Structure of Chapter 2

Introduction (2.1)

Strategy overview (2.2)
- 2.2.1 Strategy definition
- 2.2.2 Hierarchy levels of organisational strategy
- 2.2.3 Business-level strategy and perspective

Parent Discipline 1
Generic strategies (2.3)
- 2.3.1 Cost Leadership
- 2.3.2 Differentiation
- 2.3.3 Stuck in the middle
- 2.3.4 Hybrid

Parent Discipline 2
Export marketing strategy (2.4)
- 2.4.1 Standardisation and levels of adaptation
- 2.4.2 Internal and external variables influencing organisational strategy
- 2.4.3 Measurement of standardisation versus adaptation
- 2.4.4 Conceptual framework of hybrid and export marketing strategy and linkage with organisational performance
- 2.4.5 Measurement of successful organisational performance
- 2.4.6 Generic strategy linkage to organisational performance
- 2.4.7 Export marketing strategy linkage to organisational performance
- 2.4.8 Preceding organisational performance and the linkage to current organisational performance
- 2.4.9 Standardisation and the linkage to cost leadership and differentiation
- 2.4.10 Competitive advantage and the organisational performance linkage

Immediate Discipline
The application of strategy in New Zealand food export organisations (2.5)
- 2.5.1 Literature on New Zealand organisations and linkages to organisational export performance
- 2.5.2 Literature on global food organisations and linkage to organisational export performance

Literature review summary (2.6)

Gaps in the literature (2.7)

Research problem and research questions (2.8)

Conclusions (2.9)

Source: developed for this research.
Chapter Two: Literature Review

2.2 Strategy overview

2.2.1 Strategy definition

Strategic management recognises that multiple definitions of strategy can aid both practitioners and researchers with regard to the complex interrelationships that exist between strategy function and strategy implementation. The ‘term strategy has been defined in a variety of ways, but always with a common theme, that of a deliberate conscious set of guidelines that determines decisions into the future’ (Mintzberg 1978, p. 935). Similarly, strategy has been defined as ‘the match a firm makes between its internal resources and skills…and the opportunities and risks created by its external environment’ (Hofer & Schendel 1978, p. 12). Mintzberg (1987) refines this definition further by identifying an additional five views of strategy. These are plan, ploy, pattern, position, and perspective. The notion that some strategies are deliberate as opposed to simply being emergent is also introduced by the same author (Mintzberg 1978). Mintzberg theorised that deliberate strategy is where intentions that existed previously are realised, while emergent strategies are where patterns develop in the absence of intentions, or despite them (which went unrealised). Therefore, Mintzberg (1978, p. 20) defined realised strategy as ‘an important means of conceiving and describing the direction actually pursued by organizations’.

In brief, the majority of organisations face the reality that management allow a situation where strategy can surface slowly or rapidly. The emergence of this strategy can be either intended or unintended (Hax 1990). These same organisational managers may also have strategy deliberately imposed upon them by other higher-level managers existing within the organisation or alternatively, they can be included in this strategy creation process (Mintzberg 1978).

In summary, the process of strategy formation within organisations is complex. Managers struggle with the amount of information and choices required of them regarding electing the optimal strategy creation process. The definition of strategy appears to revolve around a common theme, that being a ‘deliberate conscious set of guidelines that determines decisions into the future’ (Mintzberg 1978, p. 935). Literature also suggests that the structure and coordination of strategy within organisations is important, as success or failure of strategy implementation is often
associated with a lack of strategy hierarchy. Therefore, the levels of organisational strategy hierarchy will be investigated in the next section.

2.2.2 Hierarchy levels of organisational strategy

In the previous section various definitions of strategy were presented. It was found that organisational strategy can be defined in a multitude of ways, but always with a common theme, and that strategy can be either deliberate or emergent. It is now important to consider how strategy fits into organisational structure and the linkages between corporate, business and functional-level strategy.

Current literature suggests that organisational strategies can be broadly classified into three different levels (Bourgeois 1980; Grant & King 1982; Hax & Majluf 1984). These strategy levels are shown in Figure 2.2.

Figure 2.2 **Hierarchy levels of organisational strategy**

![Hierarchy levels of organisational strategy](source: developed for this research.)

The first level, corporate strategy, presides over domain selection and refers to the organisation’s choice of domain or change of domain. The domain choice refers to the vertical, horizontal and market scope and linkage plus the level of integration among
different businesses (Bourgeois 1980). The corporate strategy is the umbrella for all other strategy levels.

The second level of strategy focuses on the business-level and is concerned with domain navigation. Domain navigation is defined as how the organisation competes effectively within an industry (Beard & Dess 1981; Hambrick 1980) and includes the competitive decisions made within a particular product-market. An organisation seeking to address a change in its economic mission, i.e. a domain change, may need to re-define its competitive approach in order to achieve this new economic mission, i.e. domain navigation (Gilmore 1971).

The third organisational strategy level is the functional-level strategy, which concentrates on the maximisation of resource productivity within each of the specific business functions such as marketing, manufacturing, and finance (Kathuria & Porth 2003). Functional-level strategy is generally derived from the business strategy (Schendel & Hofer 1979), with business-level strategy then in turn reinforcing corporate strategy. In order to provide a greater chance of competitive success, the lower levels of strategy are supported by the higher levels of strategy (Hofer & Schendel 1978; Hayes & Wheelwright 1984; Swamidass 1986).

Corporate-level strategy is considered too aggregated and therefore inappropriate for understanding the strategic responses to environmental influences such as competitive moves, technological changes and entry and exit of competitors (Venkatraman 1989). The business-level strategy therefore provides most relevance to this thesis, as it is the business strategy that is concerned with how an organisation competes within a chosen industry segment in conjunction with how competitive decisions are made. The business-level strategy and perspective is therefore the subject of the next section of this research thesis.

2.2.3 Business-level strategy and perspective

Previous sections outlined the definition and hierarchical levels of organisational strategy, within which the business-level strategies must operate. This section examines the two major theoretical perspectives that exist within current literature that provide a framework for developing business level strategy.
Strategy literature suggests there are two academic views that provide explanations of how competitive advantage and ultimately superior performance is accomplished.

**Industrial organisational (IO) perspective**

The first view is based upon industrial organisational economics and is aptly named the industrial organisational (IO) perspective. This view suggests that competitive advantage can be realised by placing organisational analysis emphasis on global competition, as best demonstrated by Porter’s (1980) ‘Five-Forces’ framework of industry analysis. The inference is that opportunities will be greater, and threats less, in industries where the environmental conditions and attributes are attractive. This in turn leads to a greater likelihood of higher organisational performance.

According to this paradigm, external industry structure influences the strategy of an organisation, which in turn determines the organisation’s economic performance (Scherer & Ross 1990). IO analysis places the attention on choosing the ‘right industries’ and within them, the most attractive competitive positions. The IO model does not ignore the internal characteristics of organisations; however, the emphasis is firmly placed on attributes at the industry level. The IO framework advocates that competitive advantage is sustained by exploiting an organisation’s internal strengths while avoiding internal weakness and is aptly worded by Barney who suggests:

> ...that firms obtain sustained competitive advantage by implementing strategies that exploit their own internal strengths, through responding to environmental opportunities, while neutralizing external threats and avoiding internal weaknesses (Barney 1991, p. 99).

Based upon previous work by Porter (1980, 1985), Zou and Cavusgil (1995) define competitive advantage as a ‘position of superior performance that a business attains through offering undifferentiated products at low prices or offering differentiated products for which customers are willing to pay a price premium’ (Zou & Cavusgil 1995, p. 57). This IO thinking is based upon the premise that organisational strategy is developed as a deliberate response to the industry and market imperatives (Collis 1991).
In order to clarify understanding of the organisation’s environment on organisational performance, much of the IO theory relies on two implicit assumptions. First, those organisations within an industry are identical in terms of relevant strategic resources and strategies they pursue (Porter 1981; Rumelt 1984; Scherer 1980). The second assumption is that any heterogeneity that may develop within an industry will quickly dissipate owing to the mobility of resources (Barney 1986; Hirshliefer 1980). Criticism of the IO theory therefore exists, that these two assumptions effectively eliminate organisation resource heterogeneity and immobility as possible sources of competitive advantage (Rumelt 1984; Wernerfelt 1984; Wernerfelt 1989).

**Resourced-based view (RBV) perspective**

The second view that provides a framework for developing business-level strategy is based upon the internal resources of organisations. The IO-based theories are increasingly under challenge from both market reality and the emerging resource-based view (RBV) of strategy. This change in thinking is driven by the development of the concepts of core competence and competing organisational capabilities. While the external environment remains important, the focus within RBV is internal, with recognition that the adoption of new organisational strategies is limited by the current level of the organisational resources. As Porter (1991, p. 107) states, ‘Valuable resources are those that are superior in use, hard to imitate, difficult to substitute for, and more valuable within the firm than outside’.

The RBV is linked to the effective utilisation of organisation-controlled distinctive capabilities and resources. According to the RBV, the achievement of competitive advantage relies upon the ability to maximise financial benefit from the resources and capabilities possessed by the organisation. The argument is that the valuable resources of the organisation, many of which are intangible assets such as skills and reputation, are immobile and are strengths to be nurtured and provide strategy choices (Porter 1991). The RBV addresses the two earlier criticisms of the IO theory and makes two underlying assumptions of its own.

The first of these assumptions is that organisations within an industry may be heterogeneous with respect to the strategic resources they control. The second assumption recognises that some resources, many of which are intangible, may not be
perfectly mobile across organisations. Importantly, this means that heterogeneity can be long lasting (Barney 1991). In its simplest form, the IO vs. RBV based theory debate can be reduced to a single question: ‘Are organizational factors more or less important than industry factors in determining firm performance?’ (Parnell & Hershey 2005, p. 25).

What was originally termed resource management has been referred to more recently as resource orchestration (Hitt 2011). This RBV extension articulates managerial actions to orchestrate resources in ways that help organisations create a competitive advantage (Sirmon, Hitt & Ireland 2007). The postulation here is that ‘What a firm does with its resources is at least as important as which resources it possesses’ (Hansen, Perry & Reese 2004, p. 1280).

Similarly, research indicates that an organisation wishing to enter a new industry should first assess its internal competences and then elect the optimal strategic fit. In addition to this, organisations are discouraged from trying to imitate the strategy of a successful competing organisation, as the strategy of these organisations are built on their own ‘distinctive competences on a different set of resource dimensions’ (Furrer et al. 2008, p. 34). This research finding is also supported by Short et al. (2007) who suggested that organisational performance is tied principally to internal organisational characteristics with a secondary link to the positioning within a strategic group and the industry (Short et al. 2007).

Further research has shown that managers must simultaneously address both capability strengths and capability weaknesses in order to achieve competitive advantage (Sirmon et al. 2011). This new addition to resourced-based theory recognises that organisations have resource and capability strengths as well as weaknesses and therefore strategy development is an improved fit if both facets are taken into account.

In summary, the IO and RBV based theories are most simply distinguished by examining how each theory looks at the strengths, weaknesses, opportunities and threats (SWOT analysis) (Barney 1991). RBV based strategy examines the SWOT analysis in order to gauge the most appropriate strategy fit between the organisation’s
internal and external environment. IO theory on the other hand ignores an
organisational level SW analysis and considers the OT part of the strategy in isolation.

Both the IO and RBV offer unique insights into organisational competitive advantage.
Therefore, this thesis recognises that both IO and RBV, and by association both
external industry globalisation drivers and internal organisational factors, offer unique
strategic insights into global strategy. As a result, both views will be incorporated into
a research framework that postulates that both external and internal factors impact
upon the generic strategy selection of an export organisation.

The next section examines current literature as it applies to business-level generic
strategies.

2.3 Generic strategies

There are a number of academic articles that have examined business-level generic
strategies (Andrews, Boyne & Walker 2006; Cavusgil & Zou 1994; Dess & Davis
1984; Leitner & Guldenberg 2010; Marlin, Lamont & Hoffman 1994; Mayfield,
Mayfield & Stephens 2007). Most of these studies have focused on the business level
strategy typologies of either Miles and Snow (1978) or Porter (1980). As a result,
Porter’s and Miles and Snow’s original typologies remain among the most widely
discussed, criticised, and cited (Parnell 2010). This indicates that these typologies are
both contemporary and effective in explaining performance heterogeneity amongst
organisations (Nandakumar, Ghobadian & O'Regan 2011).

Miles and Snow

Research has suggested that there are four archetypal strategies: defender, prospector,
analyser and reactor (Miles & Snow 1978). Miles and Snow (1978) posit that
defenders perceive the environment to be stable and certain and therefore seek
stability and control in their operations. Prospectors, in contrast, see the world as a
dynamic uncertain place and seek to become the industry designers by employing
innovation in order to combat the ever-changing environment. Analysers emphasise
both stability and flexibility, attempting to capture the best of both the defender and
prospector strategies. Reactors have no clear or consistent strategy and adopt any or all of the three proceeding strategies (Miles & Snow 1978).

Support is forthcoming from a number of researchers who recognise the strength of this theory in capturing and incorporating organisational culture into a strategic framework (Mayfield, Mayfield & Stephens 2007). Critics claim, however, that the Miles and Snow archetypal strategies lack comprehensiveness, impact on organisational performance and there exist flaws in the identification of the strategic types (Hambrick 1983b; Kim & Lim 1988; Marlin, Lamont & Hoffman 1994; Zahra & Pearce 1990).

**Porter**

According to Porter (1980, 1985), a business can maximise performance by electing to be the low cost producer within any industry framework, or by differentiating its line of products or services from those of competitors. The two types of competitive advantage, namely cost and differentiation, can be combined in either a broad or narrow market scope (see Table 2.1). The combination of competitive advantage and market scope lead to three generic strategies, namely cost leadership, differentiation, and focus (Porter 1980).

**Table 2.1 Strategic advantage**

<table>
<thead>
<tr>
<th>Strategic Advantage</th>
<th>Uniqueness Perceived by the Customer</th>
<th>Low Cost Position</th>
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<tbody>
<tr>
<td>Industry Wide (Broad target)</td>
<td>Differentiation</td>
<td>Cost Leadership</td>
</tr>
<tr>
<td>Particular Segment Only (Narrow target)</td>
<td>Focus</td>
<td>Focus</td>
</tr>
</tbody>
</table>

*Source: adapted from Porter (1980).*

As Porter (1985, p. 12) points out, however, ‘both strategies can also be implemented within the confines of a narrow market segment.’ If these strategies are implemented within the narrow market segment the strategies are then known as differentiation focus and cost focus, respectively. Porter (1985, p. 17) goes onto suggest that ‘Firms simultaneously pursuing both differentiation focus and cost focus strategies may find it difficult to sustain competitive advantage and be at risk of being labelled as stuck in the middle’.
Many academics do not consider the Focus strategy to be a distinctive strategy as it is a focused application of either cost leadership or differentiation to a narrow market (Mintzberg 1988). The same author argued that the focus strategy was not a decision about competitive advantage but rather it was about market scope. Subsequently, this is why the focused strategy is neglected in much of the research associated with Porter’s generic strategies (Arendt, Priem & Ndofor 2005; Parnell & Wright 1993), and why a number of studies have not considered the relevance of focus strategy (Gopalakrishna & Subramanian 2001; Hill 1988; Miller 1992; Pertusa-Ortega, Molina-Azorin & Claver-Cortes 2009; Phillips, Chang & Buzzell 1983; Spanos, Zaralis & Lioukas 2004; White 1986; Wright et al. 1991).

A key suggestion by Porter (1980) is that organisations adopting a dual strategy may potentially become ‘stuck in the middle’ and therefore perform poorly relative to organisations that adopt or pursue a singular generic (clean) strategy. Selected authors have criticised this clean strategy idea suggesting that external factors such as customer choices or internal factors inclusive of organisational learning allow a combination of both strategies (Fjeldstad & Haanaes 2001; Lubatkin et al. 2006; Parnell 2000). However, other studies lend support to Porter as they find evidence for the superiority of the single (pure) organisational strategy (Dess & Davis 1984; Hambrick 1983a). Supporters of the ‘pure’ strategy concept suggest that strategy formulation cannot successfully cross typology lines of demarcation. Therefore, pure strategy followers tend to see generic strategies as being mutually exclusive.

It is postulated that organisational success is inherently linked to competitive advantage which in turn is derived from either a position of low cost or differentiation (Porter 1980). Porter (1980) further suggests that if the measure of success is profitability of the organisation then a large contributor to that success is the attractiveness of the industry in which the organisation operates. Of secondary importance is the organisation’s relative position within that industry (see Figure 2.3).

As a consequence, it is possible that, if an organisation selects an industry with below-average profitability, it may still generate superior returns by optimally positioning itself within that industry sector. In support of this supposition, McGahan and Porter (1997) found that industry accounted for 19% of the variance in profitability within
specific industry categories. This difference varied substantially across each of the industries under study.

Figure 2.3 Determinants of organisational profitability

Source: developed for this research.

Parnell and Hershey (2005) suggest that the level of influence of industry on organisational performance is maximised when organisations elect to adapt to existing conditions, rather than attempting to manipulate them. Therefore, the same authors posited that industry impact on organisational performance could be affected positively when implemented strategies emphasised adaptation to existing industry and competitor conditions.

Porter (1980) contends that organisations attempting to combine cost leadership and differentiation will likely be out-performed by those organisations adopting only one of the two strategy approaches. There appears, however, to be sufficient evidence to suggest that combination strategies can also be effective for many organisations (Gopalakrishna & Subramanian 2001; Hill 1988; Parnell 2000; Pertusa-Ortega, Molina-Azorin & Claver-Cortes 2009; Spanos, Zaralis & Lioukas 2004; White 1986; Wright 1987). However, a number of studies contradict the findings of Porter and conclude that hybrid strategies can and do yield performances that are at least equal to pure strategies such as cost leadership or differentiation (Buzzell & Gale 1987; Hill 1988; Leitner & Guldenberg 2010; Miller & Dess 1993; Murray 1988; Parnell & Wright 1993). Proponents of hybrid strategy surmise that management-in-practice
makes no such academic distinction with the successful implementation of one strategy potentially leading to the embracing of another (Parnell & Hershey 2005).

According to Miller and Dess (1993), Porter’s framework had the potential to be improved by considering a dimensions approach rather than ‘either/or’ mutually exclusive strategies (costs or differentiation). In brief, two arguments served as a defence to the dimensions proposition. First, it was suggested that reaching a strong position in either cost or differentiation strategy may lead to an improvement in the other (Hill 1988; Miller 1992; Miller & Friesen 1986). Secondly, there are a number of organisational business practices that have the potential to improve both cost and differentiation strategic positions (Deming 1986; Miles & Covin 2000).

**Justification of Porter’s paradigm selection**

Porter has not been without academic critics and has received criticism for faulty data collection techniques, lack of precision, and some of his work has been challenged by empirical evidence (Golden 1992). There is support for the general idea that Porter’s (1980) generic strategies play a pivotal role in forming the more detailed marketing strategies carried out by organisations (Solberg & Durrieu 2008).

Porter’s model of three distinctive generic business-level strategies (low cost, differentiation and focus), which Porter further divides into cost leadership and differentiation, has been widely recognised as a dominant paradigm in the discussion of strategic management (Campbell-Hunt 2000; Pertusa-Ortega, Molina-Azorin & Claver-Cortes 2009; Salavou 2013). As a result, Porter’s taxonomy is well utilised in existing research on internationalisation strategy and is therefore a well-established proposition (Solberg & Durrieu 2006).

Porter’s framework and body of knowledge can be seen in a wide range of applications. These include specific industry (Brooks 1993; Meidan & Chin 1995) and country research (Green, Lisboa & Yasin 1993; Kim & Lim 1988). Researchers studying the relationships between organisational competitive strategy and other aspects of management have also used the framework outlined by Porter (Kotha & Orne 1989; Powell 1994).
Therefore, based on the above academic support for Porter, combined with the fact that this thesis intends to contribute to the debate about the influence of pure (cost leadership and differentiation) and hybrid strategies on organisational performance, it is considered appropriate to further examine the existing body of knowledge as it applies to each of the Porter generic strategies. The next section examines the first of the generic strategies, being cost leadership.

2.3.1 Cost Leadership

The strategy of cost leadership focuses on gaining competitive advantage by having the lowest cost in the industry (Porter 1980, 1985). In order to achieve a low-cost competitive advantage, an organisation must demonstrate a low-cost leadership strategy in conjunction with a low-cost manufacturing environment, appropriate product range, expertise in process engineering, and a workforce that is fully committed to and understands the low-cost strategy (Malburg 2000). Therefore, a great deal of managerial attention is required in order to achieve this aim and, in the words of Porter (1980, p. 35), ‘Low cost relative to competitors, becomes the central theme running through the entire strategy’.

Cost leadership is generally associated with broad market segments with organisations looking to service a number of industry segments. Above-average returns are achievable, as the strategy allows the organisation to lower prices to match those of competitors and yet still earn profits (Miller & Friesen 1986). Customers buy cost leader products primarily because the purchase price is less than competing equivalent products from competitors. This demands that consumers purchasing the products be price sensitive (Murray 1988) with consumers receiving value comparable to that of other products at a lower price (Porter 1985).

Price sensitive demand, however, is often not enough for the cost leadership strategy to be effective and yield above average returns. Murray (1988) provides an example of this situation with research of the price sensitive gasoline business. The homogenous nature of the cost structure within this industry prevents any ability for individual organisations to create a cost leadership advantage. Thus, Porter (1985) contends that only one organisation in an industry can be the cost leader.
Many organisations are often too small to follow a singular cost leadership strategy although cost efficient production is still an important requirement. In these instances, cost efficiencies can be realised by taking managerial action to modernise the plant or by incremental improvements that provide process innovations. A management focus on cost structures, employee productivity and economic asset utilisation will generally yield efficiencies that provide a great opportunity to achieve cost leadership advantage (Green, Lisboa & Yasin 1993).

Other researchers have proffered the theory that efficiency gains are able to stem from various economies in the production and distribution process (Murray 1988; Wright 1987). Further to this, it is possible to achieve a cost leadership position from extra-beneficial access to distribution channels or resources (Murray 1988) or it may be the result of proprietary manufacturing technologies or innovations (Porter 1980; Murray 1988).

In addition, Kotha and Orne (1989, p. 225) claim that manufacturing organisations that pursue a cost leadership strategy ‘tend to have low product line complexity and high process structure complexity’. In explaining their supposition, Kotha and Orne stated that key sources of cost reduction included fewer inventories, fewer product line discontinuities, simpler product lines, high volume production rates, and high levels of production standards. Therefore, a cost leadership aspiration is a commercially logical strategy objective. The findings of Kotha and Orne (1989) are summarised in Table 2.2.
Table 2.2 Cost leadership characteristics of manufacturing organisations

<table>
<thead>
<tr>
<th>Category</th>
<th>Typical characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong cost leadership</td>
<td>Strong focus on cost reduction and cost control</td>
</tr>
<tr>
<td></td>
<td>High levels of process engineering skills</td>
</tr>
<tr>
<td></td>
<td>Strong focus on the elimination of discontinuities and work in process inventories</td>
</tr>
<tr>
<td></td>
<td>High level of production standards</td>
</tr>
<tr>
<td></td>
<td>High level of machine pacing of material flow</td>
</tr>
<tr>
<td>Low product line complexity</td>
<td>Very low end (final) product complexity</td>
</tr>
<tr>
<td></td>
<td>Low variety of final products</td>
</tr>
<tr>
<td></td>
<td>High volumes on specific final products</td>
</tr>
<tr>
<td></td>
<td>High levels of product maturity</td>
</tr>
</tbody>
</table>

Source: adapted from Kotha and Orne (1989).

The cost leadership approach lends itself to economies of scale and lower ‘per unit’ costs and this strategy is therefore well suited to larger production volumes. As a consequence, a cost leadership approach is a strategy which is more appropriate to larger-sized organisations with higher market shares (Wright 1987). The implication of this is that for organisations competing on the same experience curve, the organisation with the lower volume of production (see point ‘B’ in Figure 2.4) may struggle for its survival and is at the mercy of the strategic moves from organisation ‘A’. In this scenario, the only way for organisation ‘B’ to improve its strategic position is to increase market share. Murray (1988) makes the point that aspiring cost leaders must achieve a dominant market share so that the costs associated with overcapacity do not out-weigh the benefits gained from efficient scale production.

At a conceptual level, economies of scale allow large organisations to produce products and services at lower average costs per unit than smaller organisations (Shepherd 1979). This is because higher production volumes allow organisation fixed costs to be spread over a larger volume of output and therefore lowering per unit average costs. At some point, however, production volumes cannot grow further while continuing to realise decreasing costs. This situation is defined as reaching the position of diseconomies of scale i.e. rising average unit costs as a result of increasing organisational size (Shepherd 1979).
Economies of scale exist at both the plant and organisational level. Organisational level economies of scale are able to build upon the plant scale economies and can exploit scale economies in marketing, distribution, and finance, as well as capture the economies derived from the multi-plant operations (Hill 1988). Organisations endeavouring to achieve a cost advantage over competitors, independent of economies of scale, must produce either innovative breakthroughs that are able to provide a strategic defence or pursue learning effects, or both. The success of these strategies depends on the industry maturity (Murray 1988).

In earlier work, Abernathy and Utterback (1978) suggested that in an immature industry the innovations tended to be rapid and radical in nature. However, as time progresses, and the industry begins to mature, the rate of change slows and the changes become incremental in nature. The hypothesis is that cost leadership strategy, underpinned by research and development, and innovation is most appropriate for the more immature industries.

Similarly, the introduction of a new product sees the organisation having to make strategic decisions about price. Whereas cost has a predictable trend along the cost curve, prices do not. Organisations must strategically decide if prices for new product
releases in the initial stages should be set at higher levels in order to recover development expenses (see periods A and B in Figure 2.5).

Alternatively, organisations may elect to lower prices at the same rate at which costs decline along the experience curve in order to discourage the entry of competing organisations. During period ‘C’, which represents the entry of new competitors, price declines exceed the rate of cost declines until such time as a perfect market develops where price declines follow the cost or experience curve (see point ‘D’ in Figure 2.5).

Figure 2.5 The relationship of price, cost, and product life cycle

Porter (1980) alludes to the fact that learning effects too depend upon industry characteristics, in stating that businesses with complex and intricate labour costs appear to have the greater potential for cost declines due to gains in experience. The ability for an organisation to gain cost leadership from experience or learning effects is in turn dependent upon industry structure (Porter 1980). If the learning curve in the particular industry is not sufficiently steep enough, then organisations at the lower end of the curve will not be in a position to achieve a cost advantage over competitors, and therefore the gains of cumulative learning effects will amount to nothing (Porter 1980).
Porter (1980) argues in his Five Forces Model that cost leadership advantage allows an organisation five key advantages. The first of these advantages is that a cost leadership position allows an organisation to earn higher levels of profits than its rivals, despite strong competitive forces. The second advantage is that organisations within an industry that employ this choice of strategy are able to defend against competitors who choose to attack the cost leader by attempting to compete on price with an inferior cost position. On account of the lower cost structure, an industry cost leader can either charge a lower price for its product than its competitors charge and still make the same profit, or charge the same price as competitors and make a higher profit. Thus, in a competitive environment where price wars have the potential to develop, the cost leader will inevitably be in a financially advantaged position to outcompete competition. The cost leadership position also mitigates the power of suppliers by providing a greater ability to absorb possible raw material price increases in comparison to competitors.

The third advantage for the organisation possessing a cost leadership position is that the very factors that lead to the low cost position offer a barrier to entry to new market competitors. The low cost organisation is defended against potential new entrants to the industry since its cost position is able to deny new organisations the ability to earn adequate profits.

The fourth advantage of cost leadership strategy is that it allows the organisation to negotiate strongly with supplier organisations in order to gain advantage in prices for raw material, parts, labour, and other inputs. Powerful suppliers are able to capture a greater share of available industry profit margins and therefore potentially render an industry unattractive.

The final of the five advantages cited by Porter is that, operating as a cost leader, the organisation is usually well positioned in relation to potential rival organisation substitute products. Substitute products affect the price elasticity of the original product and therefore profitability. The five advantages cited by Porter are summarised in Table 2.3.
Table 2.3 **How low cost leadership can help counter industry forces**

<table>
<thead>
<tr>
<th>Generic Strategy</th>
<th>Competitive Rivalry</th>
<th>Barriers of Substitutes</th>
<th>Threat of Substitutes</th>
<th>Buyer Power</th>
<th>Supplier Power</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost Leadership Strategy</strong></td>
<td>The firm is able to compete on price front</td>
<td>Existing competitive prices and ability to reduce them further discourages new entrants</td>
<td>Low prices makes it difficult to create cost-effective substitutes</td>
<td>Firm is able to offer better prices to big buyers</td>
<td>Cost leadership translates into higher volumes and better ability to negotiate with powerful suppliers</td>
</tr>
</tbody>
</table>

Source: adapted from Porter (1980).

The cost leadership strategy can benefit strongly from the cost-saving potential of standardisation of the marketing strategy (see also Section 2.4). This is because standardisation results in economies of scale (Levitt 1983) and efficiency in marketing operations (Schilke, Reimann & Thomas 2009; Zou, Andrus & Norwell 1997). Zou and Cavusgil (2002, p. 41) state that in order to attain a competitive advantage based on a cost leadership strategy ‘the optimum global marketing strategy is to sell standardized products using standardized marketing programs.’ Schilke, Reimann and Thomas (2009) confirms this finding and agree that cost leadership and standardisation strategies enjoy potential synergies, and provide the ability to enhance organisational competitive performance.

Research into the interaction between technological capabilities and an organisation’s cost orientation, and their combined relationship to organisational performance, show that technological capabilities have the potential to enhance the positive relationship between an organisation’s cost orientation and performance levels (Ortega 2010). This particular research found support for the theory that the stronger the cost leadership strategy, then the higher likely organisational performance. The rationale behind this finding was that technological capabilities allowed organisations to obtain cost advantages, all of which reinforced the implementation of a low-cost strategy (Ortega 2010) (see Figure 2.6).
In summary, an organisation that is able to dominate its chosen industry is able to make profits that are superior to competitors if it is able to achieve superior cost advantages. The source of these cost advantages includes economies of scale, economies of scope, technology, access to low-cost raw materials, and low labour costs. Cost leaders tend to be associated with high production volumes of products with low product complexity, in conjunction with high levels of production standards and process engineering skills.

A cost leader, however, cannot ignore the basis of differentiation (Porter 1985), as aspects of this strategy should be exploited, assuming the pursuance of aspects of the differentiation do not affect the levels of organisational costs. There appears also to be a strong linkage in current literature that cost leadership strategy is correlated positively to standardised marketing strategy. The linkage between cost leadership strategy and standardised marketing strategy is explored in detail within Section 2.4 of the literature review.

The next section examines the second of the relevant generic strategies, being differentiation.

2.3.2 Differentiation

The literature suggests that organisations have two primary types of competitive advantage: low cost or differentiation (Porter 1980). Having discussed the low cost
option, the next section examines the second of the competitive advantages, differentiation.

Organisations that pursue a differentiation strategy seek competitive advantage by creating products or services that are perceived by customers as being unique and for which buyers are willing to pay a price premium (Porter 1985). Key to the success of this strategy is that the ‘price premium exceeds the extra costs incurred in being unique’ (Porter 1985, p. 14). A successful differentiation strategy is usually backed up with many costly activities such as research, product design, and marketing expenditures (Miller & Friesen 1986).

To be successful, differentiators must select attributes to differentiate that clearly are different from competitors. This marks the differentiation strategy as different to the cost leadership approach. Whereas the cost leadership approach is limited to one singular approach, organisations using a differentiation strategy can choose to elect from any number of attributes that may be of value to buyers (Porter 1985). As with cost leaders, differentiators also seek to cover greater parts of the market but tend to have lower relative market shares than do cost leaders.

Research posits two separate forms of differentiation: one based on marketing, aimed at creating a superior brand image; and one based on innovation and technology (Miller 1986; Miller 1988). The underlying premise for a successful differentiation strategy, based upon marketing, is that customers find value in the organisation’s product attributes other than price. Thus, demand for the product tends to be price-inelastic due to the loyalty of buyers for the brand (Aulakh, Kotabe & Teegen 2000). Customer attachment to the attributes of a product, other than price, is a necessary condition for the success of product differentiation strategy; however, it is not a sufficient condition. To be viable, the differentiation strategy must be sustainable, and therefore an organisation must be able to advance the brand image, packaging, pre- and post-sales service and financing arrangements continually (Murray 1988).

As an industry matures, the likelihood that significant product innovations occur tends to diminish (Abernathy & Utterback 1978; Porter 1985). Consequently, as a product nears the end of its life cycle, organisations should reduce research and development spending because product offerings from all industry players tend to converge toward
those products, and their attributes, most favoured by customers. The end-result is that continued product innovation is difficult to sustain, as a single act of imitation can eliminate the competitive advantage the innovative product provides for an organisation (Murray 1988). In light of this, Murray goes on to suggest that it may be better to establish a differentiation strategy upon product quality and service attributes.

Product quality is the ratio of actual performance to specified performance (Murray 1988). As an industry matures, customers are able to gather information from various industry players regarding the actual product performance versus claimed product performance. Therefore, within a mature industry, setting quality variation may have a greater positive impact upon sales (Murray 1988). The higher the cost to the customer of this quality variation then the greater ability there exists for an organisation to implement and sustain a differentiation strategy (Porter 1985). Implicitly, the value chain is sufficiently complex to allow significant quality and service differentials between competitor product offerings (Murray 1988).

The complexity of the value chain is contingent on both the product and user characteristics (Hill 1988). Homogenous products such as bulk agricultural goods tend to offer limited scope for differentiation as they have few if any attributes to differentiate. Hill (1988) points out, however, that there is not a linear relationship between product complexity and ability to differentiate. The same author notes that differing characteristics of the end users of the product offer differentiation opportunities. If the product has differing uses it is invariably sold to different user groups and if differing psychosocial characteristics of consumers exist, either within or across groups, then differentiation opportunities will exist.

Researchers have found that manufacturing organisations with a differentiated strategy ‘tend to have more complex product lines and more discontinuities in the process structure’ (Kotha & Orne 1989, p. 225). The same authors found that differentiators displayed a strong focus on products and services designed for premium value; they have relatively flexible high-end-product complexity and variety; and a high level of engineering skills. The high product line complexity is
correlated with low levels of product maturity and a large variety of small manufacturing runs of complex final products (see Table 2.4).

Table 2.4 Differentiation characteristics of manufacturing organisations

<table>
<thead>
<tr>
<th>Category</th>
<th>Typical Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strong differentiation focus</td>
<td>Strong focus on products and services designed for premium value</td>
</tr>
<tr>
<td></td>
<td>Relatively high end-product complexity</td>
</tr>
<tr>
<td></td>
<td>High variety of final products</td>
</tr>
<tr>
<td></td>
<td>High level of product engineering skills</td>
</tr>
<tr>
<td></td>
<td>High level of flexibility in production scheduling</td>
</tr>
<tr>
<td></td>
<td>Flexible service and order lead times</td>
</tr>
<tr>
<td>High product line complexity</td>
<td>Very high end (final) product complexity</td>
</tr>
<tr>
<td></td>
<td>Large variety of final products</td>
</tr>
<tr>
<td></td>
<td>Small volumes on specific final products</td>
</tr>
<tr>
<td></td>
<td>Low levels of product maturity</td>
</tr>
</tbody>
</table>

Source: adapted from Kotha and Orne (1989).

A differentiator cannot ignore its cost position. Excessive costs, if unchecked, can easily nullify the premium prices gained (Porter 1985). Hill (1988) suggested that the immediate effect of differentiation would be to increase unit costs. He also postulated that differentiation decreases elasticity of demand and is therefore capable of shifting the entire demand curve to the right by increasing the appeal of the product. If consumer demand increases and production volumes subsequently increase in order to match this increased demand, then the long-run effect may be a further decrease in unit production costs. This decrease in production costs can be derived from three potential sources including: learning effects, economies of scale, and economies of scope (Hill 1988).

Porter suggested that, as all organisations do not perform equally well even in the same industry, it is the distinct generic strategies employed by an organisation that provide the ability to achieve above average returns. Porter (1980) argues in his Five Forces Model that differentiation advantage enables the organisation to attain five key advantages and these all differ from those pertinent to the cost leadership advantage.

The first of these is that brand loyalty and the resulting lower customer sensitivity to price provides a level of protection against competitor rivalry. Industries where products are commodities tend to have greater rivalry owing to the lower level of switching costs. Secondly, differentiation via a mechanism of higher margins enables
the organisation to better deal with the power of suppliers. Supplying organisations are less able to capture a greater share of available industry profit margins if the organisation has higher initial margins to trade-off. Thirdly, buyer power can also be mitigated by the inability of buyers to readily seek product alternatives. The inference is that tailored speciality products suitable for specific customer uses can result in a diminished ability for buyers to negotiate lower input prices. The fourth advantage is that the increase in customer loyalty is able to provide product uniqueness and a consequent barrier to entry. Higher product complexity, which is correlated with a higher level of engineering skills and speciality production process, can result in less ability of competitor organisations to enter the field of a rival competitor. The final advantage alludes to the fact that the organisation, on account of increased customer loyalty, will be in an advantaged position with regard to product substitutes compared to its rival organisations.

A summary of the advantages of the differentiation strategy and how they affect the creation of value within the organisational value-chain, are presented in Table 2.5.

Table 2.5 How differentiation can help counter industry forces

<table>
<thead>
<tr>
<th>Five Forces</th>
<th>Competitive Rivalry</th>
<th>Barriers of Substitutes</th>
<th>Threat of Substitutes</th>
<th>Buyer Power</th>
<th>Supplier Power</th>
</tr>
</thead>
<tbody>
<tr>
<td>Differentiation</td>
<td>Better and distinctive value to customers protects customer base from rivals</td>
<td>Customer loyalty because of value of products to customers discourages new entrants</td>
<td>Distinct differentiating product attributes satisfy customer requirements, makes it difficult to create equivalent substitutes</td>
<td>Powerful buyers have fewer alternatives, so have lesser negotiating power</td>
<td>Firms have better capabilities to pass on the price increases by suppliers to its customers</td>
</tr>
</tbody>
</table>

Source: Porter (1980).

Paradoxically, differentiation can be used to help achieve a low cost position within an industry (White 1986). Furthermore, researchers have suggested that there are five conditions necessary in order that differentiated strategy is able to achieve a low cost position (Hill 1988). These conditions are: when the organisation’s ability to differentiate the product is high; when economies of scope exist; when the market is
fragmented; when the production process is new and complex; and finally, when consumers’ commitment to the product of rival organisations is low.

Recent research undertaken by Ortega (2010) highlights the relationship that exists between technological capabilities, organisational performance and differentiation strategy (see Figure 2.7). In particular, the same author suggests that a differentiation strategy relates positively to organisational performance such that the stronger the marketing orientation then the higher the level of organisational performance. Additional findings from this research show that organisational performance increases with marketing performance but at a greater rate for those products with few technological capabilities. Thus, technological capabilities compensate for, rather than enhance, a differentiation strategy via marketing orientation Ortega (2010).

Figure 2.7 Organisational performance versus marketing orientation

![Figure 2.7](chart.png)


The same author demonstrates that in the case of product quality orientation the availability of technological capabilities is able to reinforce the positive influence of the differentiation strategy (see Figure 2.8).
Figure 2.8 Organisational performance versus quality orientation


The research findings demonstrated by Ortega (2010) can be regarded as pertinent to this research because of the perceived low level of technological capability available to many food-producing organisations due to the nature of the raw material.

In summary, an organisation with a differentiation strategy seeks to be unique to its industry along dimensions that are widely valued by buyers (Porter 1985). Critical to the success of this strategy is that the premium achieved for the product exceeds the accumulation of additional costs. There are two separate forms of differentiation: one based on marketing, aimed at creating a superior brand image, and one founded on innovation and technology. An organisation cannot ignore its cost position as excessive costs can easily nullify the premium prices gained. A differentiation strategy does have the ability to shift the entire demand curve to the right by increasing the appeal of the product and thus providing the ability to extract economies of scale and decrease unit costs.

The pursuit of both differentiation and low cost strategy therefore appears to be a compatible mix. However, before examining the mixing of both the cost and differentiation strategies within what is commonly referred to as hybrid strategy, the literature review briefly examines the stuck in the middle phenomenon as outlined by Porter (1980).
2.3.3 Stuck in the middle

Porter (1985, p. 16) states that ‘A firm that engages in each generic strategy but fails to achieve any of them is stuck in the middle’. In other words, the phrase ‘stuck in the middle’ refers to organisations that have no clearly defined strategy. Porter (1980, p. 42) goes on to say that ‘The firm stuck in the middle also probably suffers from a blurred corporate culture and a conflicting set of organizational arrangements and motivational system.’

Nandakumar, Ghobadian and O'Regan (2011, p. 238) defined this strategy state as those organisations ‘that do not give emphasis to cost-leadership, differentiation or integrated strategy.’ Similarly, those organisations that place a medium emphasis (neither high nor low) on all the generic strategic dimensions could be said to be following the stuck in the middle strategy (Miller & Dess 1993; Spanos, Zaralis & Lioukas 2004). White (1986) defined the term slightly differently by stating that stuck in the middle means a non-competitive advantage with a high costs position and a low level of differentiation.

If competitor organisations are stuck in the middle then there is always a danger that an organisation will compromise its current cost or differentiated advantage (Porter 1985). Likewise, an organisation that is stuck in the middle will compete with competitors at a disadvantage because the cost leaders and differentiators will be better placed to take advantage of market segment opportunities (Porter 1980, 1985).

The U-shaped relationship between profitability and market share is illustrated by Porter (1980, p. 43) (see also Figure 2.9). Porter contends that differentiated organisations with low market shares, and large cost leadership organisations with high market shares, would be at opposite ends of the curve. Porter (1980) postulated that these are the most profitable organisational positions. However, Wright (1987) disagreed with Porter’s assessment of differentiation and believed that Porter was mistaken to consider that differentiation was linked with high return on investment (ROI) and low market share. Drawing from previous work completed by Hambrick (1983a), Wright contended that organisations pursuing the differentiation strategy are better able to attain higher ROI’s by opting for higher market shares and thus the differentiation strategies are placed in part C of the graph, as shown in Figure 2.9.
Offering seemingly little debate, organisations with confused or stuck in the middle strategies (see part B of the graph in Figure 2.9) suffer from a low ROI with implicit poor relative organisational performance. Literature is mixed with regard to the evidence supporting the findings that organisations with no clearly defined strategy are poor performers (Campbell-Hunt 2000). Nandakumar, Ghobadian and O’Regan (2011) confirmed earlier findings by Dess and Davis (1984) that cost leaders and differentiators performed better than stuck in the middle organisations. Leitner and Guldenberg (2010) in their study of Austrian small and medium sized enterprises (SMEs) found evidence to support the supposition that SMEs with no coherent strategy achieved the lowest levels of performance when compared to organisations pursuing cost leadership, differentiation, or combination strategy types.

Contrary to this, researchers have found that not all organisations with recommended strategies have greater performance levels than average stuck in the middle organisations (Miller & Dess 1993). The literature surrounding the stuck in the middle concept remains under-researched (Pertusa-Ortega, Molina-Azorin & Claver-Cortes 2009) with other researchers also stating that the stuck in the middle concept has only recently been distinguished from the hybrid concept (Acquaah & Yasai-Ardekani 2008).

Literature tends to assume that every organisation has a strategy (Inkpen & Choudhury 1995). The same authors offered an explanation toward the fact that the absence of strategy is not the same as having a bad or inadequate strategy. The absence of strategy should not therefore be associated with poor financial performance (Inkpen & Choudhury 1995).
Similarly, Mintzberg and Waters (1985) noted that some young organisations might not have a history of strategy-making that has evolved into a coherent strategic pattern. Strategy in these situations might be yet to emerge. These same types of organisations might also elect to have no clear long-term strategy and operate on a ‘day-to-day’ basis within defined market niches. This short-term strategy horizon might be sustainable for a certain period of time (Spanos, Zaralis & Lioukas 2004).

In summary, it appears from the literature that, if an organisation has no clearly defined strategy, it can be labelled as stuck in the middle. Evidence with regard to the success of this strategy is mixed. The consequence of such a strategy appears to result
in an organisation being stuck in the middle resulting in a non-competitive advantage with a high cost position and a low level of differentiation. The view exists that a stuck in the middle strategy is dissimilar to the strategy of equal pursuance of both cost leadership and differentiation. Therefore, this research adopts the definition of Nandakumar, Ghobadian and O’Regan (2011, p. 238), which defines being stuck in the middle from a generic strategy perspective as those organisations ‘that do not give emphasis to cost-leadership, differentiation or integrated strategy.’

In this section, the definition for organisations categorised as being stuck in the middle was presented. The next section examines the literature surrounding the explanation of hybrid strategy.

2.3.4 Hybrid

Literature has defined stuck in the middle from a generic strategy perspective, as those organisations ‘that do not give emphasis to cost-leadership, differentiation or integrated strategy’ (Nandakumar, Ghobadian & O'Regan 2011, p. 238). Porter hypothesised that this state of being stuck in the middle is often due to a lack of strategic clarity with a failure to place a distinct emphasis on either cost leadership or differentiation. A number of researchers have considered this state of being stuck in the middle as those organisations that place a medium emphasis (neither high nor low) on all the generic strategic dimensions (Miller & Dess 1993; Spanos, Zaralis & Lioukas 2004). The implication of this is that organisations that are stuck in the middle suffer from a high cost and a low level of differentiation resulting in a poor competitive advantage in the industry within which they operate (White 1986).

It is important to distinguish between organisations that are stuck in the middle and those organisations that look to combine generic strategies successfully (Dess & Rasheed 1992). Organisations regarded as being stuck in the middle have a high cost position and a low level of differentiation resulting in non-competitive advantage (White 1986). Conversely, organisations that pursue a hybrid (combination) strategy place a dual emphasis upon both cost and differentiation (Wright et al. 1991). Importantly, literature has also found that organisations pursuing hybrid strategies are no less successful than organisations pursuing pure generic strategies (Miller & Dess 1993).
The question of low cost and differentiation strategies being mutually exclusive or not has raised considerable debate in the existing literature. Porter (1980, 1985) argued against the simultaneous pursuit of both cost leadership and differentiation strategies because both strategies involve a different set of resources and organisational arrangements. For example, an organisation looking to improve its product quality as a means of differentiation will often require the procurement of more expensive product components and possibly less standardised production processes.

However, Fjeldstad and Haanaes (2001) argued that changing market conditions and competitive environments have challenged the appropriateness of pure generic strategy completely and that differentiation can be used as a means for organisations to achieve a cost leadership position (Hill 1988). Hill surmised that, in many mature industries, it is not possible for a single organisation to occupy a low cost position. Hence, Hill argued that, in order to gain competitive advantage, an organisation might need to achieve both low-cost and differentiation positions simultaneously.

The study of hybrid strategy regarding the link to successful organisational performance has shown mixed results (Dess & Davis 1984; Kim & Lim 1988; Nandakumar, Ghobadian & O'Regan 2011; Pertusa-Ortega, Molina-Azorin & Claver-Cortes 2009; Spanos, Zaralis & Lioukas 2004; Subramanian & Gopalakrishna 2001; White 1986). Some researchers have found limited or no support for the hybrid strategy and that integrated strategies (hybrid) are not as effective as cost leadership and differentiation strategies for improving organisational financial performance (Kumar, Subramanian & Yauger 1997; Nandakumar, Ghobadian & O'Regan 2011).

However, other researchers have shown that under certain conditions a combination of low cost and differentiation may lead to superior financial performance (Baroto, Abdullah & Wan 2012; Dess & Davis 1984; Kim & Lim 1988; Miller & Dess 1993; Pertusa-Ortega, Molina-Azorin & Claver-Cortes 2009; Spanos, Zaralis & Lioukas 2004; Wright et al. 1991). Richardson and Dennis (2003), in their research on the UK wine industry, also found that, within niche market segments, the hybrid focused differentiation approach is superior.

Some of the research generated in support of either cost leadership or differentiation also produces results that show an element of doubt with regard to the success of these
same pure strategies. Both Hill (1988) and Murray (1988) purport that some organisations only succeed in terms of superior performance when they combine differentiation and low cost generic strategies. For example, White (1986) found that of the 69 organisations examined, 19 had the highest ROI and achieved competitive advantage based upon a combination or hybrid strategy.

Hill (1988) also took issue with research findings of both Hambrick (1983a) and Dess and Davis (1984), stating that the research conclusions of both these authors did not yield conclusive support for Porter's concept. Hill (1988) pointed out that Hambrick (1983a) indirectly acknowledged the feasibility and coexistence of both cost leadership and differentiation strategies by stating that ‘it is not accurate to say that all generic strategies are equally viable within an industry...’ (Hambrick 1983a, p. 702). In addition, Hill suggested that the findings of Dess and Davies (1984) could be called into question due to the small research sample size utilised, i.e. n = 22.

Two main arguments are evidenced in support of the compatibility between cost leadership and differentiation. The first of these arguments contends that reaching a strong position in either cost leadership or differentiation strategy may lead to improving the strategic position in the other (Hill 1988). Hill bases his supposition on earlier work undertaken by Phillips, Chang and Buzzell (1983), which indicated that making quality improvements resulted in the improved cost position of the organisation. Thus, achieving a strong position in differentiation may enable an organisation to increase market share via increased demand and will therefore enable greater economies of scale (Miller 1992; Miller & Friesen 1986). Furthermore, an organisation that is able to establish a strong position in cost is likely able to reinforce its strategic position in differentiation, due to reinvested profits into marketing, service, or product.

Miller (1992) supported this earlier argument by Hill (1988) by stating that the pure strategies of cost leadership and differentiation should complement each other. As evidence, Miller drew on the earlier work of Deming (1986). Deming suggested that with an improvement in quality came increased market share, which subsequently allowed a manufacturing organisation to reduce its costs. The result of this was to allow an organisation to ‘stay in business’ (see Figure 2.10). An organisation that
offers high-quality products may attract additional customers. This allows the organisation to increase market share. The corresponding increase in market share is then able to reduce average cost because of economies of scale.

**Figure 2.10 Deming's chain reaction model**

![Deming's chain reaction model](image)

*Source: adapted from Deming (1986).*

Porter’s original framework may therefore have underestimated the strategic importance of total quality management in today’s modern environment where organisations can simultaneously reduce costs and differentiate products with the aid of modern technologies and management practices (Leitner & Guldenberg 2010).

Researchers have suggested that changing market conditions may result in changing consumer needs and tastes (Miller 1992). Consequently, this may increase the vulnerability of organisations that focus on one pure generic strategy. Potentially, strategic inflexibility is the result of a narrowing organisational vision. In order to exemplify this point, Miller (1992) cited the example of organisations focused on cost leadership who could find it more difficult to adapt to new technology innovations. The specialisation required by the cost leadership position means that these organisations will likely dispose of surplus skills and talents that may be necessary in order to adapt to future technology changes in the longer term. Conversely, in support of hybrid strategies an organisation is able to maintain greater flexibility in offering products that can take advantage of either cost or differentiation attributes (Parnell & Hershey 2005).

As Miller points out, ‘the most successful strategies - the ones hardest for rivals to neutralize through imitation - are those that harness many organization skills
simultaneously’ (Miller 1992, p. 38). The fact that hybrid strategy is able to combine a number of factors related to both cost leadership and differentiation makes this type of strategy more difficult to imitate. It is possible therefore, that hybrid strategies may yield a number of advantages over rival organisations, giving rise to the potential for improved comparative organisational performance (Beal & Yasai-Ardekani 2000).

Similarly, Parnell (2000) referred to resource-based theory to explain how a successful low cost strategy might also contribute to organisational learning. Organisational differentiation could be advanced by enhanced product quality, without the organisation specifically targeting quality as a differentiation strategy. Importantly, organisational learning, where it exists, is able to deliver the capabilities for organisations to continually reduce costs and differentiate products in comparison to direct competition (Hawawini, Subramanian & Verdin 2003).

Santos-Vijande, Lopez-Sanchez and Trespalacios (2012, p. 1080) have added to the seminal work of Cyert and March (1963). They state that organisational learning is ‘achievable when the transfer of individual knowledge occurs through social interactions to different groups of individuals as a result of a shared interpretation’. The result of the build-up of accumulated knowledge allows not only the individuals to learn from the organisation but also the organisation to learn from groups and individuals within the organisation (Santos-Vijande, Lopez-Sanchez & Trespalacios 2012).

The foundation of organisational learning is the basis for a second argument supporting the compatibility between cost leadership and differentiation, which supposes there are a number of business practices that have the potential to improve both strategic positions. For example, research by Miles and Covin (2000) proposes that environmental management, through pollution prevention, can allow the organisation to not only save cost, and therefore contribute to the cost leadership position, but also increase product demand by making its products more appealing to environmentally sensitive customers. This is turn works to improve the differentiation position of the organisation.

Greek industry research has proposed that the success of hybrid strategies depends on the number of generic dimensions upon which the emphasis is placed simultaneously
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(Spanos, Zaralis & Lioukas 2004). The same authors suggested that organisations that restrict themselves to single strategy dimensions might as a result restrict themselves to a smaller number of customers and therefore limit their organisational performance. In other words, the more generic strategy dimensions included in the strategy mix, the more profitable the strategy is likely to be. The caveat within this research was that low cost was still a common theme.

Other research has shown a slightly contrary view by demonstrating that the hybrid strategies displaying higher levels of performance are not always those which combine low cost with another dimension (Pertusa-Ortega, Molina-Azorin & Claver-Cortes 2009). Their results supported earlier work by Damanpour and Schneider (2006), who found that innovation differentiation was an important source of competitive advantage. High levels of successful product innovation are not a guarantee of high relative organisational performance. Researchers hypothesise that it is the combination of both product and process innovations that is able to provide higher organisational performance and therefore the strategic dimension of product innovation is best integrated with the strategic dimensions of marketing and cost reduction activities (Pertusa-Ortega, Molina-Azorin & Claver-Cortes 2009).

In summary, the adoption of a low cost strategy by itself appears disadvantageous if the organisation’s costs are not reduced to closely rival the low cost of other industry competitors. Similarly, the adaptation to the differentiation strategy by itself appears equally disadvantageous if the organisation’s level of differentiation is not higher than, or at least in parity with, rival organisations within the same industry. Successful hybrid strategy requires that the pure strategies of cost leadership and differentiation should complement each other. Two main arguments are evidenced in support of the compatibility between cost leadership and differentiation.

The first of these arguments contends that reaching a strong position in either cost leadership or differentiation strategy may lead to improving the strategic position in the other. The underlying principal is that the organisation attempting to adopt a hybrid strategy is placing an equal emphasis on both cost leadership and differentiation strategy. The second argument hypothesises that there are certain business practices that make it possible to improve both strategic positions. Empirical
literature evidence appears to lend support to the fact that hybrid strategies are related to higher organisational performance levels, regardless of the industrial sector to which they belong.

The next section of the literature review examines export marketing strategy.

2.4 Export marketing strategy

2.4.1 Standardisation and levels of adaptation

In the previous sections, an assessment of the compatibility of the two generic business strategies of cost leadership and differentiation, and the ability for an organisation to apply equal emphasis to both of these strategies, to form a hybrid strategy, was presented. The next section examines existing literature regarding the concept of standardisation and levels of adaptation.

The issue with regard to the correct balance of standardisation of the marketing strategies at the international export marketing level is still unresolved (Lages, Abrantes & Lages 2008; Samiei & Roth 1992; Szymanski, Bharadwaj & Varadarajan 1993; Theodosiou & Leonidou 2003; Zou & Cavusgil 2002). There appears to be growing evidence that the effect of standardisation upon organisational performance is contingent upon a co-alignment between marketing program standardisation and the market environment in which it is implemented (Katsikeas, Samiei & Theodosios 2006). Zou and Cavusgil (2002) go further, and have suggested that organisational performance is also contingent upon standardisation levels of not only external factors but also internal organisational attributes.

In addition, research has purported that the impact of standardisation/adaptation on performance is greater when co-aligned with a moderating factor (Katsikeas, Samiei & Theodosios 2006; Okazaki, Taylor & Zou 2006; Schilke, Reimann & Thomas 2009). Evidence further suggests that standardisation is linked to organisational performance via an association with environmental and organisational factors (Katsikeas, Samiei & Theodosios 2006; Schilke, Reimann & Thomas 2009). This next section therefore explores the pertinent literature as it pertains to
standardisation/adaptation decisions within the confines of export marketing strategy, particularly as they apply to organisational performance.

More than 25 years ago, Levitt (1983) commented that international markets across the globe were converging as consumers became more similar. Therefore, it was tempting for international organisations to standardise, in order to achieve economies of scale and scope, not only in production, distribution, logistics, advertising and promotion, but also in research and development (Porter 1980; Yip 1995).

It was especially relevant for organisations operating within a global business environment to look for international solutions in order to maintain their performance levels above those of competitive rivals. Unfortunately, managers of small and medium-sized organisations had few guidelines on how to apply the adaptation or standardisation decisions in order to maximise performance of their marketing mix elements (Shoham 1999; Katsikeas, Samiee & Theodosios 2006).

Not all researchers agreed with Levitt’s (1983) argument about worldwide homogenisation in consumer needs and preferences. Critics of this view claimed that it was overly simplistic, myopic, and contrary to the marketing concept (Douglas & Wind 1987). Proponents of an alternative view of the global marketplace observed markets as heterogeneous, with consumers having differing wants and needs. Thus, this lent itself to an adaptive approach to marketing strategy (Kotler 1986).

According to research literature standardisation has two aspects, namely marketing program and marketing process (Jain 1989). The same author further defines marketing program standardisation as elements of the marketing mix and the degree to which the separate elements of the mix are standardised or adapted. Marketing process standardisation ‘implies tools that aid in program development and implementation’ (Jain 1989, p. 71).

More recent literature has proposed that there are three dominant perspectives that have emerged with regard to the appropriate level of standardisation; total standardisation, total adaptation, and contingency (Zou, Andrus & Norwell 1997). The total standardisation perspective views markets as homogeneous, which tends to favour the standardisation of the majority of marketing activities. Various arguments
have been proposed by researchers in favour of full standardisation, including economies of scale, time to market and worldwide consistency of image (Eger 1987; Levitt 1983; Ohmae 1985; Yip 1995). Other study has contended that standardisation reduces costs and provides the ability for the organisation to project a globally identifiable brand image (Solberg & Durrieu 2008).

The contrasting alternative paradigm of full adaptation sees worldwide markets as heterogeneous which lends itself toward customisation of marketing activities (Cavusgil & Zou 1994; Douglas & Wind 1987). According to the contingency perspective, standardisation and adaptation should not be seen in isolation from each other, but rather they should be viewed as two extremes of the same continuum (Jain 1989). The contingency theory therefore argues that the most appropriate level of standardisation depends on both internal organisational and external environmental factors. Other researchers have made the point that the main advantage of this view is that it recognises both the advantages and disadvantages of both the full standardisation and adaptation perspectives (Lages & Montgomery 2004).

Recent research from the United Kingdom that examined the relative degree of significance of the marketing reasons pulling towards either adaptation or standardisation finds that ‘on a tactical level (marketing mix) and either/or approach is unwise and one likely to damage business’ (Vrontis, Thrassou & Lamprianou 2009, p. 491). In line with previous research favouring the contingency approach to standardisation, the same authors hypothesised that organisations should standardise tactics where possible and adapt them only where necessary. The costs involved by invoking a fully adapted approach need to be offset by the desire of organisations to capture the full benefits of standardisation. The balance between the two is therefore a matter of degree (Vrontis, Thrassou & Lamprianou 2009).

The same authors also suggested that there are a number of both significant and peripheral reasons pulling toward standardisation (see Figure 2.11). Significant factors pulling an organisation toward adaptation include market development, differences in physical conditions, legal reasons, and political reasons. At the other end of the spectrum, easier planning and control, and reductions in stock costs were cited by Vrontis, Thrassou and Lamprianou (2009) as significant factors pulling an
organisation toward standardisation, with economies of scale being cited as a peripheral reason only.

Figure 2.11 Significant and peripheral reasons toward standardisation or adaptation

Ryans, Griffith and White (2003) stated that the explanation for an organisation looking to adopt an international marketing strategy with an appropriate level of standardisation was usually justified in terms of economies of scale. The underlying logic to this was that costs were spread over a greater number of markets, thus reducing average unit costs. The caveat to this, they argued, was that the linkage between the constructs, economies of scale and increased effectiveness, was not sufficiently proved.

While many researchers find the logic behind the linkage of standardisation and reduced cost intuitive, the implied relationship between cost savings and effectiveness is less so. Ryans, Griffith and White (2003) used the example of value delivery to make this point (see Figure 2.12). If there is a failure of the standardised marketing strategy to increase sales by increasing value to the market, then from an overall organisational perspective, resources are not being used efficiently. The same authors
observe that ‘...without validation of the economies of scale assumption, the direct influence of standardisation on performance becomes suspect’ (Ryans, Griffith & White 2003, p. 594). Therefore, the unresolved debate is about ensuring that the cost savings derived from the economies of scale are effective and able to deliver value and consequently improved organisational performance.

Figure 2.12 Value delivery linkage

Source: developed for this research.

There are substantial scientific studies of international marketing strategy that lend support to the contingency paradigm (Boddewyn, Soehl & Picard 1986; Cavusgil, Zou & Naidu 1993; Jain 1989; Quelch & Hoff 1986; Sorenson & Wiechmann 1975; Vrontis, Thrassou & Lamprianou 2009). These studies called for the appropriate balance between standardisation and adaptation, with the correct balance being determined by the external environment and internal organisational factors (Cavusgil, Zou & Naidu 1993; Julian & O’Cass 2002; Leonidou, Katsikeas & Samiee 2002; Virvilaite, Seinauskiene & Sestokiene 2011).

The internal and external factors that influence the standardisation versus adaptation decision within an export organisation are presented in Table 2.6. Included within Table 2.6 are many of the antecedent factors that influence an organisation’s decision to either standardise or adapt its marketing strategy. The internal factors that have been most researched in literature include: organisational size (Ali 2004; Chung 2003; Wright 1987; Zaiem & Zghidi 2011), organisational export experience, (Contractor, Hsu & Kundu 2005; Lages & Montgomery 2004; Leonidou, Katsikeas & Samiee 2002; Zaiem & Zghidi 2011), previous export performance, (Katsikeas, Leonidou & Morgan 2000; Lages & Montgomery 2004; Lages, Lages & Lages 2005; Lages,

Table 2.6 **Detailed factors of internal and external environment**

<table>
<thead>
<tr>
<th>Factor Group</th>
<th>Detailed factors</th>
<th>Illustrative studies (alphabetically sorted)</th>
</tr>
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<tbody>
<tr>
<td><strong>External</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Macro-environment</td>
<td>Economic, Political-legal, Technological and Cultural</td>
<td>Blodgett 1991</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cavusgil and Zou 1994</td>
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<tr>
<td></td>
<td></td>
<td>Chung 2007</td>
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<tr>
<td></td>
<td></td>
<td>Chung, Wang and Huang 2012</td>
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<tr>
<td></td>
<td></td>
<td>Douglas and Wind 1987</td>
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<tr>
<td></td>
<td></td>
<td>Omar and Porter 2011</td>
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<tr>
<td></td>
<td></td>
<td>Sousa and Bradley 2005</td>
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<tr>
<td></td>
<td></td>
<td>Sousa and Lengler 2009</td>
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<tr>
<td></td>
<td></td>
<td>Theodosiou and Leonidou 2003</td>
</tr>
<tr>
<td>Competition</td>
<td>Intensity of competition</td>
<td>Cavusgil and Zou 1994</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cavusgil, Zou and Naidu 1993</td>
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<tr>
<td></td>
<td></td>
<td>Christensen, da Rocha and Gertner 1987</td>
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<td></td>
<td></td>
<td>Douglas and Wind 1987</td>
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<td></td>
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<td>O’Cass and Julian 2003</td>
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<td></td>
<td></td>
<td>Omar and Porter 2011</td>
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<tr>
<td></td>
<td></td>
<td>Porter 1980</td>
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<td>Porter 1985</td>
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<td></td>
<td></td>
<td>Ryans 1984</td>
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<tr>
<td></td>
<td></td>
<td>Theodosiou and Leonidou 2003</td>
</tr>
<tr>
<td>Nature of the market</td>
<td>Marketing infrastructure (accessibility of communication and distribution channels)</td>
<td>Blodgett 1991</td>
</tr>
<tr>
<td></td>
<td>Occupied market share</td>
<td>Cavusgil and Zou 1994</td>
</tr>
<tr>
<td></td>
<td>Business-to-business market</td>
<td>Cavusgil, Zou and Naidu 1993</td>
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<tr>
<td></td>
<td>Business-to-consumer market</td>
<td>Chhabra 1996</td>
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<td></td>
<td></td>
<td>Jain 1989</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Theodosiou and Leonidou 2003</td>
</tr>
<tr>
<td>Consumer characteristics</td>
<td>Consumer behaviour</td>
<td>Cavusgil and Zou 1994</td>
</tr>
<tr>
<td></td>
<td>Consumer purchasing power</td>
<td>O’Cass and Julian 2003</td>
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<tr>
<td></td>
<td></td>
<td>Theodosiou and Leonidou 2003</td>
</tr>
<tr>
<td>Product Characteristics</td>
<td>Product type (industrial or consumer goods)</td>
<td>Boddewyn, Soehl and Picard 1986</td>
</tr>
<tr>
<td></td>
<td>Product lifecycle stage</td>
<td>Cavusgil and Zou 1994</td>
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<td></td>
<td>Product homogeneity level</td>
<td>Cavusgil, Zou and Naidu 1993</td>
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<tr>
<td></td>
<td>Product positioning</td>
<td>Chhabra 1996</td>
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<tr>
<td></td>
<td></td>
<td>Ozsomer, Bodur and Cavusgil 1991</td>
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<tr>
<td></td>
<td></td>
<td>Theodosiou and Leonidou 2003</td>
</tr>
<tr>
<td>Industry branch</td>
<td>Technological intensity and progress</td>
<td>Cavusgil and Zou 1994</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Cavusgil, Zou and Naidu 1993</td>
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<tr>
<td></td>
<td></td>
<td>Jain 1989</td>
</tr>
</tbody>
</table>

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| Internal Managerial factors | Managerial orientation (ethnocentric, polycentric, regiocentric, geocentric) | Aaby and Slater 1989  
Akaah 1991  
Cavusgil 1983, 1984  
Cavusgil and Zou 1994  
Contractor, Hsu and Kundu 2005  
Douglas and Craig 1989  
Hill and Still 1984  
Lages and Montgomery 2004  
Katsikeas, Leonidou and Morgan 2000  
Leonidou, Katsikeas and Piercy 1998  
Leonidou, Katsikeas and Samiee 2002  
Navarro et al. 2010  
OCass and Julian 2003  
Ozsomer, Bodur and Cavusgil 1991  
Quester and Conduit 1996  
Shaw and Hughes 2001  
Tan and Sousa 2011  
Yunis 2004  
Zaiem and Zghidi 2011 |
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</thead>
<tbody>
<tr>
<td>Internal Managerial factors</td>
<td>Level of coordination (level of centralisation of decision making)</td>
<td>---</td>
</tr>
<tr>
<td>Internal Managerial factors</td>
<td>Experience of the organisation</td>
<td>---</td>
</tr>
<tr>
<td>Internal Managerial factors</td>
<td>Knowledge of the organisation</td>
<td>---</td>
</tr>
</tbody>
</table>

| Internal Organisational factors | Size of the organisation | Akaah 1991  
Ali 2004  
Baldauf, Cravans and Wagner 2000  
Calof 1993  
Cavusgil 1984  
Cavusgil, Zou and Naidu 1993  
Chung 2003  
Dean, Menguc and Myers 2000  
Douglas and Craig 1989  
Jain 1989  
Kaynak and Kuan 1993  
Lages and Montgomery 2005  
Omar and Porter 2011  
Ozsomer, Bodur and Cavusgil 1991  
Porter 1980, 1985  
Shoham 1999  
Wright 1987  
Yunis 2004  
Zaiem and Zghidi 2011 |
| --- | Level of globalisation of the organisation | --- |
| Internal Organisational factors | Ownership | --- |

Source: adapted from Virvilaitė, Seinauskiene and Sestokiene (2011).

The above internal and external organisational factors are discussed in detail in Section 2.4.2. In addition to the above research, theorists have found broad associations between the generic strategy used and the levels of standardisation and adaptation of elements of the marketing mix (see Table 2.7). Cost leadership focuses on gaining competitive advantage by having the lowest cost in the industry (Porter 1985). Therefore, so as to achieve a low cost advantage, an organisation must align all facets within its business, including management structure, wage rates, and manufacturing costs (Malburg 2000). Research has also found that, in order to achieve a low cost advantage in the marketplace, an organisation should look to apply the
standardisation strategy, with the ultimate aim of achieving successful organisational performance (Schilke, Reimann & Thomas 2009; Zou & Cavusgil 2002).

Conversely, differentiation strategy focuses on extracting premium prices from the market by providing customers with superior information, distribution channels, or luxury goods (Porter 1980). This then means that, as the differentiation strategy seeks to differentiate the organisation from competitors, the strategy is more aligned with the adaptation strategy (Schilke, Reimann & Thomas 2009) (see Table 2.7). However, the correlation between differentiation and adaptation strategies appears less robust in current literature, as the relationship between the two strategies has potentially differing objectives and strategic fit (Schilke, Reimann & Thomas 2009).

The hybrid strategy looks to achieve competitive advantage and therefore successful organisational performance by combining both of the aforementioned strategies (cost leadership and differentiation). This strategy looks to combine elements of the marketing mix where product standardisation, adaptation or a combination between the two continuums can enhance organisational performance (contingency theory) (see Table 2.7).

Table 2.7 Linkages between generic strategy, export market strategy, and organisational performance

<table>
<thead>
<tr>
<th>Generic strategy</th>
<th>Cost leadership</th>
<th>Differentiation</th>
<th>Hybrid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export marketing strategy (marketing mix)</td>
<td>Standardisation</td>
<td>Adaptation</td>
<td>Contingency Theory</td>
</tr>
<tr>
<td>Organisational Performance</td>
<td>Successful organisational performance</td>
<td>Successful organisational performance</td>
<td>Successful organisational performance</td>
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</table>

Source: developed for this research.

In summary, for organisations operating within the export marketplace, research appears to indicate general support of the contingency approach for the most appropriate levels of standardisation/adaptation of elements of the marketing mix. When operating in the foreign marketplace, the decisions regarding the most appropriate level of standardisation should not be looked upon as an either/or approach, but rather as a decision as to when and to what extent the organisation should standardise or adapt elements of its marketing mix (Alimiene & Kuvykaite
2008). The literature has suggested that there are a number of both significant and peripheral reasons pulling toward standardisation. Significant factors pulling an organisation toward adaptation include market development, differences in physical conditions, legal reasons, and political reasons. Conversely, easier planning and control, and reductions in stock costs were cited as significant factors pulling an organisation toward standardisation, with economies of scale being referenced as a peripheral reason only.

The internal and external variables that influence organisational strategy are examined in Section 2.4.2.

2.4.2 Internal and external variables influencing organisational strategy

External factors

External factors that affect the level of standardisation versus adaptation of an organisation’s marketing strategy include the macro environment, competition, nature of the market, consumer and product characteristics, and industry branch (Virvilaitė, Seinauskiene & Sestokiene 2011) (see also Table 2.6).

External factors (macro-environment)

The macro-environment is made up of economic, political-legal, technological and cultural factors. These factors can be a restrictive force on the implementation of the standardisation strategy (Douglas & Wind 1987). Contrary to the traditional notion, few macro-environmental factors have a significant influence upon international marketing strategy (Theodosiou & Leonidou 2003).

Research does suggest, however, that a proper match of environmental factors, including culture and the choice of the appropriate level of standardisation/adaptation, can assist organisations in achieving higher levels of financial performance (Chung, Wang & Huang 2012; Sousa & Bradley 2005; Sousa & Lengler 2009). Earlier research undertaken by Chung (2007) argued that culture had no main effect on product, price, place, and process; however, promotional efforts were impacted by culture. Similarly, Omar and Porter (2011) found that cultural differences have no impact upon the degree of standardisation.
In other research, Blodgett (1991) found that marketing performance is influenced by the legal and regulatory policies of host country governments. Finally, it appears that laws or pressure from host governments can influence organisational performance by either increasing or reducing organisational capacity or effectiveness (Cavusgil & Zou 1994).

**External factors (competition)**

The structure or nature of competition appears not to have a significant relationship with an organisation’s decision to standardise or adapt (Theodosiou & Leonidou 2003), although product and promotional intensity shows a significant positive relationship to competition intensity, thus suggesting that adaptation requirements are necessary to provide competitive advantage (Cavusgil, Zou & Naidu 1993). Marketing performance is influenced by the extent of competition (Christensen, da Rocha & Gertner 1987) with the level of competition materially influenced by the number of competitors in the foreign market (O'Cass & Julian 2003). Product adaptation, too, can help with respect to gaining a competitive advantage over rivals within an intense competitive export market (Cavusgil & Zou 1994). In contrast, Porter (1980, 1985) states that, in a mature marketplace environment, and one where the product has a leadership proposition, a higher degree of standardisation may be desirable.

Other researchers have posited that international competition does not automatically imply a need for standardisation (Douglas & Wind 1987; Omar & Porter 2011). Omar and Porter (2011) go on to suggest that the higher the level of competition within the marketplace, the greater the need for the organisation to consider an entry strategy based upon product modification, with the aim of segment matching. This research built upon prior work by Ryans (1984), who found that international competitors might react to the products of other organisations competing within the same marketplace. This reaction takes the form of matching or exceeding the quality of the product offered within the target market. It does appear, therefore, that exporting organisations must at least consider product modification as part of an overall global strategy in an environment of differing levels of marketplace competition (Omar & Porter 2011).
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**External factors (nature of the market)**

The nature of the market includes the detailed factor of market size (see Table 2.6). The size of a market has a material influence on the decision to standardise or adapt, with larger markets requiring greater adaptation (Theodosiou & Leonidou 2003). Furthermore, in larger markets, adaptation appears more prevalent as larger markets provide the ability for organisations to recover the added costs of adaptation (Chhabra 1996).

Distribution channels are the most adapted element of the marketing mix, due to differences in disposable income, purchasing habits, and distribution infrastructure (Theodosiou & Leonidou 2003). An extension of this is that consumer products are more likely to be adapted than are industrial products, which display a greater propensity to be standardised (Boddewyn, Soehl & Picard 1986).

Similarly, Jain (1989) found that the availability, performance, and cost of infrastructure affected the decision of an organisation with regard to the level of standardisation. In addition, the marketing performance of an organisation is influenced by the availability of suitable distribution and communication channels (Blodgett 1991), with the most critical determinant of distributor support being management’s commitment to the export venture (Cavusgil & Zou 1994). Finally, export marketing strategy tends to be influenced by export market characteristics, including demand potential, cultural similarity to home market, product, brand and legal framework familiarity (Cavusgil, Zou & Naidu 1993).

**External factors (consumer characteristics)**

With regard to consumer characteristics, literature indicates a significant relationship between customer issues and the marketing decision to standardise or adapt. The more similar customers are across countries the greater the standardisation (Theodosiou & Leonidou 2003). Furthermore, marketing performance is found to be influenced by the customer familiarity with the product (Cavusgil & Zou 1994), with the degree of customer familiarity to the product then influencing the organisation’s selection of marketing strategy, and in turn ultimate organisational performance (O'Cass & Julian 2003).
External factors (product characteristics)

Research has posited that standardisation works most effectively in markets where the products are in the same stage of their lifecycle (Cavusgil, Zou & Naidu 1993; Chhabra 1996) and with product-related issues tending to be more standardised than other marketing mix elements, primarily due to economies of scale (Theodosiou & Leonidou 2003). Product characteristics including, unit value, uniqueness, age, service requirements, and strength of patent influence the organisation’s choice of marketing strategy (Cavusgil, Zou & Naidu 1993).

A number of researchers have found that the type of product is a major determinant of an organisation’s standardisation levels. Industrial products have been found to be more likely to be standardised (Boddewyn, Soehl & Picard 1986; Quelch & Hoff 1986; Samiee & Roth 1992; Solberg 2002), high-tech products more likely to be standardised (Cavusgil & Zou 1994; Wang 1996), with consumer products more likely to be adapted (Chung 2003; Quelch & Hoff 1986; Samiee & Roth 1992; Schuh 2000). Additional research into the consumer goods sector has found that non-durable products are more pre-disposed to being sold utilising an adapted marketing mix than are consumer goods in the durables sector (Boddewyn, Soehl & Picard 1986; Chung 2003; Wang 1996). As part of the non-durables sector, researchers have suggested that food products are more suited to an adapted form of marketing mix (Barker & Aydin 1991; Boddewyn, Soehl & Picard 1986; Wang 1996). However, Hise and Choi (2011), who found the marketing mixes of food organisations to be more pre-disposed to a standardised strategy, disputed this latter finding. Finally, with the assumption being that industrial product purchases are based upon ‘rational’ rather than ‘emotional’ criteria, researchers have only been able to partially confirm that industrial goods require a more standardised approach than consumer products. (Cavusgil, Zou & Naidu 1993; Ozsomer, Bodur & Cavusgil 1991).

Research has found general support for the notion that promotion adaptation can better match the organisation’s offering to export customers. In specific terms, the more varied a customer base of an organisation, the greater suitability of a varied and targeted promotional expenditure. However, not all researchers have reached similar
conclusions as contradictory findings have shown that enhanced performance does not result from adaptation of promotional strategy (Cavusgil & Zou 1994).

External factors (industry branch)

Technology intensiveness within the industry is considered a relevant influence upon standardisation of the marketing strategy (Jain 1989), with the need to amortise investment in technology costs over long production runs positively influencing the correlation between product technology orientation and standardisation (Cavusgil & Zou 1994; Cavusgil, Zou & Naidu 1993).

Internal factors

Virvilaite, Seinauskiene and Sestokiene (2011) confirms that the degree of standardisation withing an organisation is determined by both external environmental and internal organisational factors. The internal factors that influence the level of standardisation versus adaptation of an organisation’s marketing strategy include managerial (managerial orientation, level of coordination, experience and knowledge of the organisation) and organisational (size and level of globalisation) factors.

Internal factors (managerial)

Marketing performance is directly influenced by an organisation’s business strategy (Aaby & Slater 1989). Marketing decision variables influencing marketing performance include basic organisation offering, contractual link with foreign distributors, promotion, and pricing (Cavusgil 1983). Research has also found a positive correlation with regard to export commitment of an organisation to both the adaptation of the marketing tactics to the needs of foreign markets and to export performance (Navarro et al. 2010).

Managerial commitment toward exports is a key determinant of export success (Aaby & Slater 1989), with the existence of a separate export department considered by some researchers as a signal by management of high levels of commitment to export business (Beamish, Karavis & Georzen 1999). Other researchers dispute this finding and claim that there is minimal evidence to support the theory that a separate export department results in improved export performance levels (Yunis 2004). However, the
same author does find support for the linkage associated with proactive management and high levels of export performance. To be precise, the higher the behavioural commitment of organisational management toward exporting and the lower the perceived problems, the greater the export performance expected. The implication of this is that smaller organisations with highly committed management teams can achieve high levels of export success (Shaw & Hughes 2001).

The degree to which centralised decision making and standardisation are linked yields mixed results according to current literature. Some researchers have found support for this linkage (Ozsomer, Bodur & Cavusgil 1991) while others have found no direct correlation (Quester & Conduit 1996). Further research undertaken by Akaah (1991) shows corporate orientated organisations have a greater degree of standardisation of promotional elements compared to the standardisation of product, price or distribution aspects of the marketing mix.

Significant variations in the success of export organisations can be explained by management characteristics (Cavusgil 1984; Leonidou, Katsikeas & Piercy 1998). Commitment of top-level management is regarded as critical to the success of export marketing success, due to careful planning and allocation of managerial and financial resources (Cavusgil 1984; Cavusgil & Zou 1994; O'Cass & Julian 2003). A positive relationship exists between managers’ international experience and export success (Cavusgil, Zou & Naidu 1993; Chung, Wang & Huang 2012; Lages & Montgomery 2004). For example, the aforementioned authors demonstrated that exporting organisations’ adaptation of product and promotion strategy is greater within those organisations that possess managers with greater international business experience (IBE). Conversely, other researchers have found that the more experience the exporting organisation has in the overseas marketplace, the more likely standardisation will be pursued as a strategy (Douglas & Wind 1987; Omar & Porter 2011). Paradoxically, other researchers purport that organisations that have limited exporting experience require similarity or standardisation between their products and the export market requirement (Douglas & Craig 1989; Hill & Still 1984). It does appear, however, that as long as the exporting organisation understands the export marketplace and the resulting consumer requirements, then organisations with modest or no export experience can opt for a standardised product (Omar & Porter 2011).
Not all research can claim similar findings with regard to managerial experience, as there is evidence to suggest that in some industry markets, managerial experience is not a pre-requisite for organisational success (Contractor, Hsu & Kundu 2005). This finding is also supported in later research, where only partial support was found for the hypothesis that the number of years in export affects the organisation’s adopted export strategy (Tan & Sousa 2011; Zaiem & Zghidi 2011).

**Internal factors (organisation)**

The second of the internal factors and the relationship with the level of organisational standardisation versus adaptation, cited by Virvilaite, Seinauskiene and Sestokiene (2011), relates to organisational factors. These factors include the size of the organisation and the level of organisational globalisation and ownership (see Table 2.6).

A large volume of research has been undertaken into the relationship between organisational size and export performance (Sousa, Martinez-Lopez & Coelho 2008). Despite the abundance of available literature, the interrelationship between organisational size and performance remains unresolved (Kaynak & Kuan 1993), with alternative research concluding only a weak relationship exists (Calof 1993; Cavusgil 1984). Still, other researchers have found that organisational size has no impact upon the degree of standardisation (Omar & Porter 2011; Zaiem & Zghidi 2011). Researchers also suggest that the lack of agreement may be due to inconsistencies between measures of organisational size (Baldauf, Cravans & Wagner 2000), research samples including organisations from many sectors and moderating variables such as product cycle, industrial concentration, etc. (Contractor, Hsu & Kundu 2005).

Chung (2003) found that organisational size is negatively related to adaptation of price and distribution elements of the marketing mix, i.e. large organisations are more likely to standardise marketing mix elements. Other researchers have found that the size of the organisation and its access to resources is influential on the relative success of the strategy types employed (Spyropoulou, Skarmeas & Katsikeas 2011; Wright 1987). For example, larger organisations possess greater financial and human resources in conjunction with production capacity and hence, economies of scale. Wright (1987) further asserted that, owing to limited resources, only smaller
organisations could reasonably consider the focus strategy, and that mid-to-large-sized organisations, on account of their greater access to resources, would elect either the cost leadership or differentiation strategy in order to sustain the economies of scale and scope.

Similar research has argued that the relationship between organisational size and export behaviours is actually about the advantages that accrue from larger-sized organisations (Cavusgil 1984). As a result, the relationship between size and export activity is tenuous when the organisational size construct is measured differently – such as total number of employees or sales volumes (Baldauf, Cravans & Wagner 2000; Kaynak & Kuan 1993; Yunis 2004). As an addition to this research, Ozsomer, Bodur and Cavusgil (1991) reported that wholly-owned organisations show a greater level of standardisation than do organisations operating as joint ventures.

In support of Cavusgil, Zou and Naidu (1993), Zaiem and Zghidi (2011) concluded that standardisation is more highly recommended where the organisation exports to several countries. The international experience of an organisation operating in foreign markets shows a positive linkage to adaptation of product and promotional elements (Cavusgil, Zou & Naidu 1993). However, Akaah (1991) and Shoham (1999) both found no correlation existed between marketing strategy adaptation and foreign market share position. Finally, the key assets and skills of an organisation are able to give rise to a source of competitive advantage (Porter 1985). Relevant skills and assets include organisational size (Dean, Menguc & Myers 2000) and international experience (Douglas & Craig 1989; Lages & Montgomery 2005).

In this section, the research literature regarding both the internal and external variables that influence organisational strategy have been presented. The next section outlines the various measures used to assess export-marketing standardisation.

2.4.3 Measurement of standardisation versus adaptation

Researchers have used various measures to assess export marketing strategy standardisation. This is because there is no consensus as to the agreed operational definitions (Theodosiou & Leonidou 2003). Adaptation or standardisation of the export marketing program is related to the adaptation or standardisation of various
elements of the marketing mix such as product, price, promotion and distribution (Jain 1989; Kreutzer 1988; Sorenson & Wiechmann 1975).

**Product standardisation**

Product standardisation has been defined as ‘the degree to which the product (including positioning, design/style, quality, features/characteristics, brand/branding, packaging, labelling, services, warranty and items/models in the product line) differs from that of the domestic and export markets’ (Lages, Abrantes & Lages 2008, p. 589). A number of scholars have found that the degree of product standardisation depends upon the type of product offered by the organisation (Cavusgil, Zou & Naidu 1993; Chung, Wang & Huang 2012; Julian & O’Cass 2002; Samiee & Roth 1992).

High-tech products are more likely to be associated with standardisation strategy than an adaptive one (Cavusgil & Zou 1994; Duprez, Diamantopoulos & Schlegelmilch 1994; Wang 1996). This was also found to be the case in relation to industrial products (Boddewyn, Soehl & Picard 1986; Chung, Wang & Huang 2012; Quelch & Hoff 1986; Samiee & Roth 1992; Solberg 2002). Conversely, consumer-type products are more likely to be sold via an adaptation type strategy (Chung 2003; Chung, Wang & Huang 2012; Quelch & Hoff 1986; Samiee & Roth 1992; Schuh 2000; Zaiem & Zghidi 2011), with food-type products more likely aligned with an adaptation strategy (Barker & Aydin 1991; Boddewyn, Soehl & Picard 1986).

**Pricing standardisation**

Pricing standardisation has been defined as ‘the degree to which the pricing strategy (retail price, wholesale/trade price, profit margins to trade customers, profit margins to end-users, discounts, and sales/credit terms) for a product differ across national boundaries’ (Lages, Abrantes & Lages 2008, p. 590). Past research proposes a link between the level of product adaptation and price adaptation (Myers, Cavusgil & Diamantopoulos 2002) and also between distribution adaptation and price adaptation (Sousa & Bradley 2009; Theodosiou & Katsikeas 2001). This makes intuitive sense, as elements of the pricing matrix would need to alter as individual product and distribution cost differences are accounted for. Pricing strategies may also need to be adapted from market to market to take account of differences to cultural, economic,
marketing objectives, cost structures, inflation rates and government regulation (Albaum, Duerr & Strandskov 2005; Theodosiou & Leonidou 2003).

**Promotional standardisation**

Promotional standardisation has been defined as ‘the adjustment of the domestic promotion program (advertising, creative/execution style, message/theme, media allocation, sales promotion, sales force structure/management, sales force role, public relations, personal selling, and advertising/promotional budget) to the export market’ (Lages, Abrantes & Lages 2008, p. 590). The organisational capability that manages promotion is a primary factor contributing to potential higher organisational performance. Adapting the promotional elements to a specific market shows a strong positive relationship with organisational performance (Leonidou, Katsikeas & Samiee 2002), and therefore promotion appears to be an important factor in the success of export-orientated organisations (Tsai & Shih 2004). Contrary to these findings, other researchers have found only partial acceptance that adaptation of the promotional mix is influential upon organisational performance (Hise & Choi 2011; Theodosiou & Leonidou 2003).

Recent research by Chung, Wang and Huang (2012) contends that an organisation with limited internal business experience can adopt a more adapted but centralised approach when implementing in-market promotions. This research finding is also supported by Chung et al. (2011). Chung, Wang and Huang (2012) also find support for the theory that standardised promotion may aid organisations with high levels of internal business experience. The same authors reason that global promotion, which is consistent across all organisational export markets, may help an organisation acquire a higher market share.

Finally, Aksoy and Kaynak (1994) found that international organisations tend to engage in extensive promotion and endeavour to exploit favourable ‘country of origin’ cues in their promotional material. Researchers have also suggested that a lack of managerial promotional awareness is found to have a detrimental effect on the international performance of an organisation (Morgan & Sarris 1991). Barker and Aydin (1991) also find that sales promotion is more likely to be an adapted element of the marketing mix.
Distribution standardisation

Distribution standardisation reflects ‘the adjustment of distribution (distribution channels, physical distribution, type, and role of middlemen) to the export market’ (Lages, Abrantes & Lages 2008, p. 590). Marketing capability through distribution network capability has a positive significant influence on organisational performance (Katsikeas, Piercy & Ioannidis 1996). Factors such as retaining the best distributor, satisfying the needs of the distributor, and providing high levels of support are found to all positively correlate to organisational export performance (Madsen 1989; Zou & Stan 1998). Hise and Choi (2011) found that there is a strong correlation with a standardised approach to distribution networks, although this research was contradicted by Theodosiou and Leonidou (2003). These latter authors found that this element of the marketing mix showed the most adaptation. In addition, distribution capabilities have been identified as critical success factors in the exporting of agri-business products i.e. successful exporters tend to have effective distribution networks enabling higher organisational performance (Aksoy & Kaynak 1994). A summary of the each of the marketing mix elements and associated research authors is found in Table 2.8 below.

In this section, the various measures of export marketing standardisation have been presented, including product, pricing, promotional and distribution standardisation measures. In the next section, the conceptual framework of hybrid and export marketing strategy and the linkage with organisational performance is described.
### Table 2.8 Marketing mix elements and associated research authors

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<th>Marketing mix</th>
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<td><strong>Product standardisation</strong></td>
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*Source: developed for this research.*
2.4.4 Conceptual framework of hybrid and export marketing strategy and linkage with organisational performance

The framework presented in Figure 2.13 depicts the relationship between generic strategy, export marketing strategy, and successful organisational performance. The framework theorises that this relationship is a two-way process, with successful organisational performance also affecting the types and weightings of strategy employed (Lages & Montgomery 2004; Schilke, Reimann & Thomas 2009; Virvilaite, Seinauskiene & Sestokiene 2011). For example, an organisation finding itself in financial difficulty may elect to adopt more of a cost leadership approach to organisational strategy and therefore alter its export marketing strategy accordingly.

The framework also depicts the impact that both external and internal factors, as previously described (see Section 2.4.2), have upon the ability to integrate and implement successful organisational strategy. External factors and forces can influence an organisation’s internal operations and subsequently these can and will influence both directly or indirectly the generic or export marketing strategy adopted (Cavusgil & Zou 1994; Julian & O’Cass 2004; Virvilaite, Seinauskiene & Sestokiene 2011; Yunis 2004). Therefore, the model posits that organisational performance may not only be the outcome of the export marketing strategy (standardisation/adaptation decisions) and the impact of internal factors, but also an antecedent of these decisions (Virvilaite, Seinauskiene & Sestokiene 2011).

The type of generic strategy elected by the organisation has a direct influence on organisational export marketing strategy, including the levels of standardisation or adaptation of elements of the marketing mix. As a result, levels of marketing mix standardisation or adaptation directly influence the financial performance of an organisation in relation to their direct competitors. Therefore, organisational performance may not only be the outcome of the elected generic strategy and resulting levels of marketing standardisation or adaptation, but it may also be a precursor of these decisions (Solberg & Durrieu 2008; Virvilaite, Seinauskiene & Sestokiene 2011).
2.4.5 Measurement of successful organisational performance

The literature is divided over how best to manage and measure the concept of organisational performance. There also appears to be little consensus over its conceptual and operational definition (Katsikeas, Leonidou & Morgan 2000; Lages & Montgomery 2004; Shoham 1996; Shoham 1998; Sousa 2004).

The outcome of this lack of agreement is that research has assessed the relative success of organisational performance with the aid of a multitude of approaches in scientific literature (Katsikeas, Samiee & Theodosios 2006; Zou, Taylor & Osland 1998). For example, some authors argue that Porter’s generic strategies are more
concerned with financial performance and not growth (Moreno & Casillas 2008). Others argue that both growth and financial performance appear to be impacted (Pelham 2000). It appears, therefore, that organisational performance is a multi-dimensional construct and for this reason, must be measured accordingly.

Literature suggests that the first of the two constructs, strategic performance, can be measured by global market share, competitiveness, strategic position, and leadership position relative to other rivals (Cavusgil & Zou 1994; Porter 1985; Porter 1996). Financial performance, the second of the constructs, is able to be measured by global cost position, sales, profitability, and return on investment relative to major competitors (Cavusgil & Zou 1994; Roth, Schweiger & Morrison 1991; Samiee & Roth 1992).

Julian and O’Cass (2004) found that export marketing performance was principally measured in three different ways: economic indicators, strategic outcomes and attitudinal measures. Economic indicators include profit, sales, and market share, with the underlying justification being that the performance should be measured with the same methodology as marketing operations i.e. in economic and financial terms (Zou, Taylor & Osland 1998). Organisational performance can therefore be justified with regard to strategic outcomes measured on the basis that many organisations set strategic goals as well as economic goals.

Strategic goals can include such measures as market share, strategic presence, and competitive position (Cavusgil & Zou 1994; Zou, Taylor & Osland 1998). Successfully aligned strategic goals are able to give rise to organisational comparative advantage. This provides the antecedents for successful organisational performance, due to the superiority of the organisation’s value offer in comparison to competitor organisations (Albaum & Tse 2001; Cavusgil & Zou 1994; Morgan, Kaleka & Katsikeas 2004; Navarro et al. 2010).

An organisation’s attitude toward exporting is the third of the measures. In theory, organisations with a positive attitude toward exporting should correlate to successful organisational performance (Cavusgil & Zou 1994). The suitability of an international marketing strategy finds its ultimate measure by assessing the influence of the elected strategy on the organisational performance, with regard to both an economic and
strategic benefit (Jain 1989). Most studies on organisational performance use a variety of measures, including financial and non-financial measures (Allen & Helms 2006; Cavusgil & Zou 1994; Samiee & Roth 1992; Schilke, Reimann & Thomas 2009).

Whatever the measurement system used, it is important to determine how an organisation compares with others within its industry. Des and Robinson (1984) made the point that in knowing only the financial information such as sales, profits, or cash-flows is not overly helpful if wishing to determine how well an organisation is doing compared to rival organisations competing in the same industry. Therefore, the literature indicates that it is important to use an industry comparison approach when making organisational performance comparisons.

Difficulties can arise, however, in accessing the objective measures of organisational performance, as even if objective measures are available, it may still not make immediate direct industry or competitor comparisons meaningful. Single industry studies while more meaningful, are however not always applicable or transferable to other industries (Allen & Helms 2006).

The literature suggests that there is a strong correlation between self-reported, perceived measures of performance and objective measures of performance (Dess & Robinson 1984; Covin & Slevin 1988). Therefore, this allows self-assessment by respondents when asked to compare their organisation’s performance to those of a competitor organisation (Leitner & Guldenberg 2010). For example, organisations may be asked to assess their annual performance compared to competitors over a time period using a Likert scale (where 1 may equal weak performance comparison and 7 may equal strong performance comparison). A number of authors defend these subjective measures, as opposed to objective measures, particularly when the study is multi-sectoral (Lukas, Tan & Hult 2001; Robinson & Pearce 1988).

For a number of reasons, the use of purely objective measures has also been criticised for being unreliable and being subject to managerial manipulation, thereby making the use of a combination of both objective and subjective measures more attractive (Spanos & Lioukas 2001). Furthermore, a key advantage of the multi-item measurement practice is that, owing to its greater robustness as an export performance measure, it is regarded as more appropriate for research targeted at uncovering the
associated general linkages between antecedents and export performance (Morgan, Kaleka & Katsikeas 2004). Finally, a multi-dimensional approach to the measuring of organisational export performance is capable of providing a more accurate indication of performance than the alternative of having to rely upon singular measurement dimensions (Cavusgil & Zou 1994; Louter, Ouwerkerk & Bakker 1991; Moini 1995; Ogunmokun & Ng 2004).

2.4.6 Generic strategy linkage to organisational performance

Research evidence exists that shows that generic strategies have some impact on varying export marketing strategies (Solberg & Durrieu 2006, 2008), with further literature proposing that generic strategies have a direct and indirect (through adaptation and standardisation of international marketing strategy) effect upon organisational performance (Schilke, Reimann & Thomas 2009). Theodosiou and Leonidou (2003), in their review of 36 prior studies focusing upon the standardisation/adaptation and performance outcomes, found that much of this earlier work, with the exception of Roth (1995), attempted to establish a direct link between organisational performance and marketing strategy without investigating the many relevant antecedents factors.

This fact led Theodosiou and Leonidou (2003) to draw the conclusion that many of these prior studies were able to draw only partial understandings of the organisational performance and marketing strategy linkages. Other researchers have found support for the hypothesis suggesting that generic strategies, through international marketing strategies, and direct effects of generic strategies, yield the best results on organisational performance (Cavusgil & Zou 1994; Samiee & Roth 1992; Solberg & Durrieu 2006; Solberg & Durrieu 2008; Theodosiou & Leonidou 2003; Zou & Cavusgil 2002).

Success of an organisation’s international marketing strategy and its ability to provide improved performance relies upon the suitability and compatibility of the generic strategy employed by the organisation (Morgan, Kaleka & Katsikeas 2004). In brief terms, organisations that apply cost leadership strategy are able to improve organisational performance when applying the standardisation strategy owing to the co-alignment of strategy goals, i.e. to increase efficiency. Similarly, there is strategic
goal co-alignment between adaptation strategy and differentiation (Schilke, Reimann & Thomas 2009).

Researchers have proffered the theory that the relationship between generic strategy and performance is complex. For example O'Farrell, Hitchens and Moffat (1993, p. 53) state that ‘...it is crucial to emphasise that there is no simplistic relationship between generic strategy and performance.’ Despite the absence of a simplistic relationship between generic strategy and performance, there does appear to be a consensus in the literature that other classes of marketing strategy moderate the effect of generic strategies. The marketing strategy moderation includes the level of standardisation versus adaptation adopted within an organisation (Solberg & Durrieu 2008). In addition to this, different industries offer different opportunities and as a result, what one calls successful strategies will differ from one industry to another (Gilbert & Strebel 1988).

2.4.7 Export marketing strategy linkage to organisational performance

Research undertaken with the specific aim of establishing a direct link between standardisation and adaptation (marketing strategy) and organisational performance can lead to the erroneous assumption that one strategy is able to improve the organisational performance more effectively than another (Katsikeas, Samiee & Theodosios 2006). This theory, however, contradicts the paradigm of strategic fit, which suggests that organisational performance will only be improved where co-alignment is reached between standardisation/adaptation (or their combination) and the environment. That is, if the fit is good, then organisational performance will be positively influenced (Griffith & Myers 2004). Other researchers have found that it is really only possible to say that standardisation or adaptation or any combination of the two can enhance export organisational performance if there is co-alignment between the strategy deployed and the context within which it is implemented (Hultman, Robson & Katsikeas 2009; Katsikeas, Samiee & Theodosios 2006).

The majority of research undertaken appears to have treated organisational performance as a direct or indirect result of decisions made with regard to levels of standardisation/adaptation i.e. organisational performance as the outcome of international marketing strategy (Virvilaitė, Seinauskiene & Sestokienė 2011). The
same authors stated that a small number of studies have posited that international marketing strategy may be an outcome of organisational performance i.e. organisational performance as an antecedent of marketing strategy. For example, it has been found that previous organisational performance has an indirect and positive influence on strategic decisions made within the marketing function (Lages & Montgomery 2004). Specifically, improved organisational performance provides an incentive for an increased focus on the international market, with a tendency to undertake greater risks and apply more resources in order to implement an adapted marketing strategy.

Despite numerous studies, however, literature is non-definitive as to the effect of standardisation/adaptation upon organisational performance. Some results have shown that there is no correlation between standardisation and organisational performance (Albaum & Tse 2001; Kotabe 1990; Samiee & Roth 1992; Shoham 1999), whereas other research shows standardisation of the marketing mix correlates positively with organisational performance (Cavusgil & Kirpalani 1993; Zou & Cavusgil 2002). From an intuitive viewpoint, it is unrealistic to expect that the same marketing strategy can lead to the same results in all export market ventures (Douglas & Wind 1987).

2.4.8 Preceding organisational performance and the linkage to current organisational performance

Research opinion within existing literature is divided regarding the direction of causality between organisational performance and the standardisation/adaptation of elements of the marketing mix and marketing strategy (Virvilaite, Seinauskiene & Sestokiene 2011). However, a number of researchers have found that not only do generic strategies have an impact on the link of international marketing strategy and organisational performance, but also that preceding organisational performance has an indirect and positive effect on standardisation/adaptation decisions of international marketing (Schilke, Reimann & Thomas 2009; Virvilaite, Seinauskiene & Sestokiene 2011).

Preceding organisational performance has an indirect and positive influence on decisions of export marketing strategy by encouraging organisations to commit more resources to export activities, creating further opportunities to apply adaptation of
elements of the marketing mix (Lages & Montgomery 2004). The theory proposes that improved organisational performance creates the conditions that allow the organisation to apply adaptation of marketing strategy, i.e. an improved organisational performance leads to larger cash reserves, providing management with the confidence to commit to apply adaptation strategies of elements of the marketing mix.

Therefore, the model shown in Figure 2.13, depicts that organisational performance may be not only the outcome of management standardisation/adaptation decisions, but also an antecedent of these same decisions. Similarly, the generic strategies adopted by an organisation influence the organisational performance both directly and indirectly through standardisation/adaptation of generic marketing strategy.

The next section examines the linkages between standardisation, cost leadership, and differentiation.

2.4.9 Standardisation and the linkage to cost leadership and differentiation

Research undertaken asserts that a fit must exist between an organisation’s competitive strategy and its international marketing strategy (Morgan, Kaleka & Katsikeas 2004). Despite the importance of international marketing strategy with regard to financial performance of an organisation, the amount of literature analysing this linkage is sparse and results of the available research contradictory (Katsikeas, Samiee & Theodosios 2006; Schilke, Reimann & Thomas 2009). Similarly, Schilke, Reimann and Thomas (2009) observe that organisational performance depends not only on the degree of standardisation/adaptation of international marketing strategy but also on the generic strategies that the organisation applies. The extension of this is to imply that there should be co-alignment between these two strategy levels:

Hence, international marketing strategy (whether standardized or adapted) will lead to superior performance only to the extent that it properly matches the unique set of circumstances that the firm is confronted by within a particular overseas market (Theodosiou & Leonidou 2003, p. 167).

Despite an abundance of literature, researchers remain divided with regard to the benefits of standardisation. Some researchers have found sound evidence to negate the theoretical assumption that adaptation is compatible with the differentiation strategy
and that standardisation is compatible with the cost leadership strategy (Virvilaite, Seinauskiene & Sestokiene 2011). Conversely, other researchers have found that standardisation of international marketing strategy is less attractive for organisations that apply the differentiation strategy (Schilke, Reimann & Thomas 2009).

There does appear to be a general consensus in the literature that organisations that pursue a cost leadership approach do so with the aim of cost minimisation. Thus, this cost leadership approach lends itself to the application of standardisation of international marketing strategy (Schilke, Reimann & Thomas 2009; Zou & Cavusgil 2002). Standardisation becomes a mechanism allowing the international organisation to achieve a low-cost position, since standardisation facilitates the ability to achieve economies of scale in all value-adding activities (Cavusgil, Zou & Naidu 1993). Organisations that do undertake cost leadership strategies in conjunction with standardisation will see improved organisational performance as the goals of both strategies coincide (to increase efficiency) (Schilke, Reimann & Thomas 2009). Zou and Cavusgil (2002, p.41) are quite unequivocal by stating that ‘the optimum global marketing strategy is to sell standardized products using standardized marketing programs.’

Porter (1980) states that organisations employing the differentiation strategy seek to distinguish themselves from competitors by supplying or creating products or services that are perceived by customers as being unique and for which buyers are willing to pay a price premium. In such cases, standardisation may offer less to organisations that undertake such a strategy and consequently contribute less to an organisation’s performance, i.e. the differentiation strategy decreases the positive impact of the standardisation on organisational performance (Schilke, Reimann & Thomas 2009). These same authors suggest that the adaptation strategy is an attractive choice in the case of the differentiation generic strategy. Evidence also tends to suggest that the stage of export development affects the level of standardisation undertaken within the organisation. For example, an organisation that is in the early stages of export development will tend to adopt a more standardised approach to export marketing strategy (Cavusgil, Zou & Naidu 1993). The correlation between differentiation and adaptation strategies appears less robust in current literature, than does the relationship between cost leadership and standardisation, as the relationship between
the two strategies has potentially differing objectives and strategic fit (Schilke, Reimann & Thomas 2009).

The next section examines the link between competitive advantage and organisational performance.

2.4.10 Competitive advantage and the organisational performance linkage

Export performance is directly influenced by an organisation’s business strategy (Aaby & Slater 1989). Other researchers posit that continued adherence to strategy could be harmful, with the belief that it can limit organisational competitiveness (Hair et al. 1998; Zahra et al. 2008). Furthermore, other researchers suggest that in order to improve organisational performance it is sufficient to concentrate on organisational efficiency levels and tactics (Zhang, Cavusgil & Roath 2003). Parallel to this group of thought is another opinion, namely that strategy does affect the organisational performance and that only certain sets of strategy can provide a competitive advantage (Porter 1980, 1985; Scherer & Ross 1990).

Success, too, has many measures. Organisational success can be assumed to manifest itself in attaining a competitive position or series of competitive positions that lead to superior and sustainable financial performance (Porter 1985). This definition, however, is not without criticism, with most of the critique centred on the failure to define the term ‘competitive advantage’.

Literature suggests that competitive advantage can be obtained by implementing strategies that exploit internal strengths, through responding to environmental opportunities, while neutralising external threats and avoiding internal weaknesses (Andrews 1971; Ansoff 1965; Hofer & Schendel 1978). An organisation has achieved competitive advantage, when through its product offering(s) it creates more value for its customers and shareholders in comparison with direct competitors (Porter 1985).

However, within these definitions competitive advantage means nothing more than success (Klein 2002). Klein, as do Aktouf, Chenoufi and Holford (2005), suggest that competitive advantage is not able to be observed as it is not tangible. These same
authors go on to state that competitive advantage can only be inferred from actual or expected competitive outcomes.

To complicate matters further, a circulatory concept is introduced where superior organisational performance is explained in terms of the possession of a competitive advantage. In some uses, competitive advantage can be likened to using the phrase ‘superior relative financial performance’ (Klein 2002). Therefore, while Porter (1985) uses the terms interchangeably, there is a view that the two constructs are separate and are in fact quite distinct (Powell 2001).

Newbert (2008) also shared the view that competitive advantage is not organisational performance. Barney (1991) is able to conceptualise this theoretical framework by postulating that organisations that are able to exploit resources and capabilities that are valuable and rare will attain competitive advantage. These competitive advantages will ultimately result in improved organisational performance in the short term (see Figure 2.14). The key to effectively using these resources and capabilities and gaining competitive advantage relies on the ability of the organisation to not simply exploit a valuable resource or valuable capability, but rather the exploitation of a valuable resource-capability combination (Newbert 2008). The implication of this is that the best performing organisations will be those that exploit the resource-capability combinations most effectively.

**Figure 2.14 Competitive advantage and the linkage to organisational performance**

![Diagram of competitive advantage and organisational performance](attachment:image.png)

*Source: adapted from Newbert (2008).*
Therefore, competitive advantage can be defined as the economic value or rent that has been able to be created from the exploitation of an organisation’s resource-capability combinations (Newbert 2008). Organisational performance alludes to the economic value or rent that the organisation has managed to capture from the commercialisation of resource-capability combinations (Newbert 2008).

The correlation between competitive advantage and organisational performance is not perfect. According to the literature, this imperfect correlation is due to two primary reasons. First, there appears to be a wealth of evidence suggesting that many factors exogenous to the organisation significantly affect organisational performance (McGahan & Porter 1997; Rumelt 1991; Schmalensee 1985; Spanos & Lioukas 2001). As a consequence, the organisation’s performance may increase, despite the absence of an imbedded and functioning resource-based strategy. Secondly, organisations may be unable to recover the cost associated with the implementation of the resource-based strategy (Coff 1999; Peteraf & Barney 2003). In this instance, the resource-based strategy implementation may be successful; however, the economic return is less than favourable (Newbert 2008).

The strategy implemented by the organisation offers an opportunity to achieve competitive advantage. There are two ways an organisation can achieve competitive advantage. First, economic value can be created by producing products/services with either greater benefits at the same cost compared to competitors (i.e. differentiation strategy) (Bharadway, Varadarajan & Fahy 1993) or, secondly, the same benefits at lower cost compared to competitors (i.e. low cost strategy) (Kaleka 2002). An organisation that can enhance its performance by exploiting resource-capability combinations in order to attain a differentiated-based competitive advantage will by definition be able to sell more product/service units at either the same or higher margins. Differentiation advantage is therefore achieved where customers perceive a consistent difference in important product or service attributes between the organisation’s offerings and those of competitors (Bharadway, Varadarajan & Fahy 1993).

An organisation that can enhance its performance by exploiting resource-capability combinations in order to attain a cost-based competitive advantage will by definition
also be able to sell more product/service units at either the same or greater margins (Newbert 2008). A cost advantage exists where an organisation is able to offer its product or service at a lower price on account of lower production, procurement, distribution and allied costs (Newbert 2008).

In summary, organisations that are able to exploit resources and capabilities that are valuable and rare will attain competitive advantage. These competitive advantages will ultimately result in improved financial performance. The correlations between competitive advantage and organisational performance is not perfect for two reasons: first, because of factors exogenous to the organisation and, secondly, because the organisation is sometimes not able to recover the cost associated with the implementation of the resource-based strategy.

The application of strategy in New Zealand food export organisations is presented in the next section.

2.5 The application of strategy in New Zealand food export organisations

2.5.1 Literature on New Zealand organisations and linkages to organisational export performance

Exporting and the associated link to organisational performance has been well researched, although the majority of these studies have been undertaken within overseas countries e.g. (Aaby & Slater 1989; Cavusgil & Zou 1994; Crick & Katsikeas 1995; Hultman, Robson & Katsikeas 2009; Ogunmokun & Ling-yee 2001; Virvilaite, Seinauskiene & Sestokiene 2011). Very little is known about the linkage between exporting and exporting performance within New Zealand-based organisations. The lack of research into the New Zealand export performance is surprising, on account of the reliance of New Zealand upon export dollar receipts. Of additional concern is the recognition that agriculture has a long tradition of being commodity-driven with an associated emphasis on high volumes, production innovation, and quality aspects of the product (Charlebois 2008).

In 2013, New Zealand showed exports of goods and services as a percentage of Gross Domestic Product (GDP) of 29.7% (see Table 2.9). To place this in context, the
United States has a corresponding percentage for 2013 of 13.5% (see Table 2.9). Therefore, as a nation, New Zealand relies heavily upon export income as an economic driver for their economy.

Table 2.9 Exports of Goods and Services expressed as a percentage of Gross Domestic Product (GDP)

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<thead>
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<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
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<tbody>
<tr>
<td>New Zealand</td>
<td>30.9%</td>
<td>31.4%</td>
<td>29.6%</td>
<td>29.7%</td>
</tr>
<tr>
<td>United States</td>
<td>12.4%</td>
<td>13.6%</td>
<td>13.6%</td>
<td>13.5%</td>
</tr>
</tbody>
</table>


This dearth of research is particularly remiss in view of the fact that New Zealand food and beverage exports account for over 50% of the country’s net export earnings (Source: Statistics New Zealand: http://www.stats.govt.nz/). Further to this, World Bank statistics, as at 2013, state that New Zealand’s food exports, expressed as a percentage of merchandise exports, was 59% (see Table 2.10). Again, to place this into context, the United States has a corresponding percentage for 2013 of 10% (see Table 2.10).

Table 2.10 Food exports expressed as a percentage of merchandise exports

<table>
<thead>
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<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
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<tbody>
<tr>
<td>New Zealand</td>
<td>56%</td>
<td>56%</td>
<td>57%</td>
<td>59%</td>
</tr>
<tr>
<td>United States</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
<td>10%</td>
</tr>
</tbody>
</table>


New Zealand producers and manufacturers also face challenges associated with a small domestic market, in conjunction with the high level of domestic competition due to recently negotiated Free Trade Agreements with countries such as China (2008) and South Korea (2015). This forces New Zealand to develop exporting as a strategy for both growth and defence (Dean, Menguc & Myers 2000).

Thirkell and Dau (1998), found support for a number of marketing practices encapsulated by Aaby and Slater (1989) as affecting the performance of New Zealand manufacturing exporters. Principally, this study suggested that a multi-faceted approach to marketing performance will likely lead to a better organisational
performance outcome over the longer term than will a focus on financial performances only. Thirkell and Dau (1998) further suggested that developing an organisation’s portfolio of skills over time would be of greater benefit than the concentration on one or two critical elements. For example, where an organisation is exporting to a foreign market with associated language barriers, the organisation is more likely to gain higher performance levels by building capacity over several areas rather than by focusing on additional language resource alone. Further to this, Thirkell and Dau suggested that accumulated export market experience and the importance of having a marketing orientation are key drivers of competitive advantage and higher organisational performance.

Enderwick (2004) provided some tentative findings with regard to New Zealand food export organisational structure and the linkage to export process. First, those organisations with formal organisational structures interfaced with markets using more formal procedures and relationships than those organisations with mixed or informal structures. Secondly, organisations with formal organisational structures gathered the majority of their information about their environments through market research, customers, and agents. Conversely, those organisations with less formal structures utilised the information provided to them by long-serving customers.

At an anecdotal level, there is a belief that globalisation of international trade will ultimately lead to a convergence of diet between nations. Current literature suggests, however, a contrary view: there is limited evidence that globalisation of world food markets has had any impact on the convergence towards a common global diet (Sengul & Sengul 2006). The literature further suggests that, as a result of globalisation, the diet between nations has become more diverse with change related to the impacts of processed products, restaurant food consumption and premium food offerings such as beef (Coyle 2006). Therefore, successful agribusiness exporters are more likely to adapt and modify their product offerings in order to suit the unique food preferences associated with the changing diets of nations (Ibeh, Ibrahim & Panayides 2006).

In summary, there is an absence of academic literature surrounding New Zealand food exporting and organisational performance. This is surprising for two reasons: first,
because of the importance of exporting agri-business organisations to the New Zealand economy; and, secondly, because of the rapidly changing global economy as a result of the impacts of globalisation.

The next section of the thesis examines the literature available on global food organisations and the linkage to organisational export performance.

2.5.2 Literature on global food organisations and linkage to organisational export performance

The location of the supplying organisations within much of the relevant research undertaken to date has been within the more developed countries such as the United States and the European Community, where manufactured exports tend to dominate (Ghobadian, Veetil & O'Regan 2006). The research has therefore excluded many of the developing countries where an agricultural or food focus is perhaps more dominant. In addition, the majority of the relevant global literature has tended to focus on multiple industry sectors, which in some cases has been intentional in order to explore the product effect of product factors on the decision to standardise or adapt marketing strategy. The absence of New Zealand-based research material has necessitated the need to search for other similar global studies within the confines of organisational performance, strategy alignment, and food exporting.

Food research undertaken indicates that export performance can be improved by customising and adapting the exporting marketing mix (Mavrogiannis et al. 2008). The same authors, as did Thirkell and Dau (1998), found that, while customising the export marketing mix, it was necessary to adapt it to the market characteristics of the destination country. Product differentiation and innovativeness are also named as key success factors among fresh produce exporters (Aksoy & Kaynak 1994). This was also confirmed in a study of Greek dairy organisations (Chrysochoidis 1996a), and again in a study of a United States meat-exporting organisation (Leake 2000). Chrysochoidis (1996a) was also able to confirm the importance of continuous innovations in conjunction with product differentiation and brand building as contributors to export success.
Existing literature has proposed that the driver of food change and diet within countries is the economy, as consumers respond to new innovative processed products, food-away-from-home consumption, and higher priced food commodities such as meat (beef) protein (Coyle 2006; Ma et al. 2006). With the proliferation of these growing market niches comes marketing opportunity, and therefore smaller agribusiness organisations should place a focus on specific product-market niches and seek to differentiate themselves (Aksoy & Kaynak 1994; Chrysochoidis 1996a; Chrysochoidis 1996b; Ibeh, Ibrahim & Panayides 2006; Singh 1996). Contrary to this view, Julian and O’Cass (2002) contend that some food organisations in the business of exporting commodity products, which are generic in nature, have no differentiation advantage, and therefore there is little significant effect on export market performance.

In addition to this, Aksoy and Kaynak (1994) find that successful agribusiness exporting organisations tend to favour niche marketing strategies. These strategies appear to apply particularly to small agri-business organisations, where the focus should be on specific product-market niches. Differentiation strategies highlighting product origin, services, value-added processing, and customer-valued quality features should then be implemented in order to extract the best possible strategic benefit (Aksoy & Kaynak 1994; Chrysochoidis 1996a; Chrysochoidis 1996b; Singh 1996).

On account of food product purchases being strongly driven by cultural factors, consumer tastes, habits and incomes (Barker & Aydin 1991), there is research evidence to suggest that the marketing mix utilised by exporting food organisations will therefore be adapted (Barker & Aydin 1991; Boddewyn, Soehl & Picard 1986). However, other researchers have found that the international marketing mixes of exporting food organisations are standardised and are opposed to being adapted (Hise & Choi 2011).

Additional research has shown that food organisations are more likely to adopt a standardised strategy, where they operate in markets with similar characteristics to those existing in their own domestic markets (Barker & Aydin 1991; Boddewyn, Soehl & Picard 1986; Samiee & Roth 1992; Theodosiou & Leonidou 2003; Yip 1996). Cavusgil and Zou (1994) found not only that food organisations with higher
percentages of international sales, to total sales are more inclined to utilise an adaptation strategy than those with lower percentages of international sales but also that the greater number of years of international experience an exporting organisation has, then the more likely they will adopt an adaptation strategy. This second finding is also supported by Chung (2003) and Jain (1989), but is disputed by Hise and Choi (2011).

Larger food exporting organisations are more likely to adopt a standardised strategy (Chung 2003), with research also citing that the greater the number of organisations competing in the same market (increased competition), the more likely a standardised strategy will be adopted (Yip 1989). Again, not all researchers appear to be in agreement, as research undertaken by Hise and Choi (2011) disputes both of these research findings.

Recent research undertaken by Peters and Zelewski (2013) suggested that organisations within the food industry could elect to employ hybrid strategies; however, a lack of empirical findings within the context of hybrid strategies and sustainable development limits any such evidence. The same authors purport that organisations operating within the food industry and who elect to pursue a cost leadership approach are recommended to focus on those strategies that decrease costs over the longer term. Simultaneously, it is important that food quality is either improved or not affected. Intuitively, organisations that wish to pursue a differentiation strategy need to ensure that any additional costs of differentiation are compensated by the increased expected returns for the product (Felzensztein & Gimmon 2014).

Finally, recent research of Greek food organisations found the hybrid strategy to be the best performing type of competitive advantage (Salavou 2013). Evidence presented within this research suggested that there are a number of small-to medium-sized Greek organisations competing against larger competitors from more advanced economies, who are able to enjoy the advantages of economies of scale (Spanos, Zaralis & Lioukas 2004). Other competitors, of these same Greek organisations, benefit from the cheaper labour cost structures embedded in many of the developing economies. Therefore, the implication of this is that cost leadership strategies become
inherently difficult to implement and achieve competitive advantage. In addition to this, Greek organisations have limited resources and being of small size allows them only a defensible, balanced position with small-range cost and differentiation advantages (Spanos, Zaralis & Lioukas 2004).

2.6 Literature review summary

A summary literature review is presented below.

**Strategy**

The definition of strategy appears to revolve around a common theme, that being a ‘deliberate conscious set of guidelines that determines decisions in the future’ (Mintzberg 1978, p. 935). Both deliberate and emergent strategy can be classified into three different levels: corporate-level strategy, business-level strategy, and functional-level strategy (Bourgeois 1980; Grant & King 1982; Hax & Majluf 1984).

The business-level strategy is concerned with how an organisation competes within a chosen industry segment and includes the process of how decisions are made (Beard & Dess 1981; Hambrick 1980). It is held, therefore, that the business-level strategy is of most relevance to this research thesis. Strategy literature also suggested that there are two academic views that are able to provide explanations of how competitive advantage and superior organisational business-level strategy can be accomplished. The first view, named IO, is more concerned with the external analysis of global competition by focusing on the OT part of the SWOT analysis. The second view, RBV, examines the SWOT analysis in order to gauge the most appropriate strategy fit between the organisation’s internal and external environment. Both the IO and RBV are able to offer unique and valuable insights into organisational competitive advantage. This dissertation, however, is more concerned with the internal organisational enablers of performance.

**Organisational performance**

There appears to be limited literature consensus with regard to the conceptual and operational definition of organisational performance (Katsikeas, Leonidou & Morgan 2000; Lages & Montgomery 2004; Shoham 1998; Sousa 2004). Therefore,
researchers have often assessed the relative success of organisational performance with the aid of a multitude of approaches (Katsikeas, Samiee & Theodosios 2006; Zou, Taylor & Osland 1998). Literature has reported the use of both subjective and objective measures when endeavouring to measure the financial performance of an organisation compared to other industry competitors, with there being a strong correlation between self-reported perceived measures of performance and objective measures of performance (Dess & Robinson 1984; Covin & Slevin 1988).

**Business level generic strategies**

Porter (1980, 1985) contended that an organisation has the choice of one of three generic strategies. An organisation can elect to operate either a cost leadership or differentiation strategy within a broad market segment. Alternatively, if operating in a narrow market segment an organisation can elect a focus strategy to achieve either advantage i.e. cost focus vs. differentiation focus. Many academics contend that the focus strategy is not a unique and distinctive generic strategy, as its focused application is either cost leadership or differentiation within the confines of a narrow market segment (Arendt, Priem & Ndofor 2005; Parnell & Wright 1993). An organisation that is unable to select and implement one of these three strategies is regarded as ‘stuck in the middle’ (Porter 1980, p. 41).

**Cost leadership**

Porter (1980) found that the cost leadership strategy is associated with larger scale manufacturing, as it is these organisations that are most able to leverage the lower average costs generated by economies of scale. In order to achieve a low-cost competitive advantage, an organisation must demonstrate a low-cost leadership strategy in conjunction with a low-cost manufacturing environment, appropriate product range, expertise in process engineering, and a workforce that is fully committed to and understands the low-cost strategy (Malburg 2000). A great deal of managerial attention is required in order to achieve this aim.

Many organisations are often too small to follow a singular cost leadership strategy although cost efficient production is still an important requirement. In these instances, a management focus on cost structures, employee productivity, and economic asset
utilisation will generally yield efficiencies that provide a great opportunity to achieve cost leadership advantage (Green, Lisboa & Yasin 1993).

In addition, it is claimed that manufacturing organisations that pursue a cost leadership strategy ‘tend to have low product line complexity and high process structure complexity’ (Kotha & Orne 1989, p. 225). The rationale in support of this logic is that key sources of cost reduction include fewer inventories, fewer product line discontinuities, simpler product lines, higher volume production rates, and elevated levels of production standards (Kotha & Orne 1989).

Economies of scale exist at both the plant and organisational level. Organisational level economies of scale are able to build upon the plant scale economies and can exploit scale economies in marketing, distribution, and finance, as well as capturing the economies derived from multi-plant operations (Hill 1988).

The cost leadership strategy can benefit strongly from the cost-saving potential of standardisation of the marketing strategy. This is because standardisation has been found to result in economies of scale (Levitt 1983) and efficiency in marketing operations (Schilke, Reimann & Thomas 2009; Zou, Andrus & Norwell 1997). Zou & Cavusgil (2002, p. 41) stated that in order to attain a competitive advantage based on a cost leadership strategy ‘the optimum global marketing strategy is to sell standardized products using standardized marketing programs.’ This finding is confirmed by Schilke, Reimann and Thomas (2009), who found that cost leadership and standardisation strategies enjoy potential synergies providing the ability to enhance organisational competitive performance.

**Differentiation**

Conversely, those organisations seeking to gain the competitive advantages associated with differentiation look to create products or services that are perceived by customers as being unique and for which buyers are willing to pay a price premium (Porter 1985). To be successful, differentiating organisations must select product attributes that are clearly different from those of competitors. The attempt to offer a product that is different to competitors (differentiation) with the aim of generating superior product margin may potentially be in conflict with the financial benefits accrued due to
standardisation (cost leadership). It follows that successful differentiation strategy is usually supported by many costly activities such as research, product design, and marketing expenditures (Miller & Friesen 1986).

The literature review also revealed that manufacturing organisations with a differentiated strategy ‘tend to have more complex product lines and more discontinuities in the process structure’ (Kotha & Orne 1989, p. 225). The same authors also found that differentiators display a strong focus on products and services designed for premium value, have relatively flexible high-end product complexity and variety, in combination with a high level of engineering skills. The high product line complexity is correlated with low levels of product maturity and a large variety of small manufacturing runs of complex final products. Hill (1988) suggested that the immediate effect of differentiation will be to increase unit costs, therefore a differentiator cannot ignore its cost position as excessive costs, if unchecked, can easily nullify the premium prices gained. In addition to this, for organisations wishing to offer clients shortened delivery timeframes or inventory-holding ability, these services can further add to already increased costs.

Literature suggested that there were two main arguments in support of the compatibility between cost leadership and differentiation. First, reaching a strong position in either cost leadership or differentiation strategy may lead to improving the strategic position in the other (Hill 1988; Miller 1992; Miller & Friesen 1986). Therefore, an organisation that is able to establish a strong position in cost is likely to be able to reinforce its strategic position in differentiation, owing to reinvested profits into marketing, service, or product. Secondly, it is possible that an organisation may practice certain commercial operations, where it may be possible to improve both cost leadership and differentiation positions, i.e. quality management (Deming 1986).

**Standardisation/adaptation**

The issue with regard to the correct balance of standardisation of the marketing strategies at the international export marketing level is still unresolved (Lages, Abrantes & Lages 2008; Samiee & Roth 1992; Szymanski, Bharadwaj & Varadarajan 1993; Theodosiou & Leonidou 2003; Zou & Cavusgil 2002). However, there is growing evidence that the effect of standardisation upon organisational performance
is contingent upon the co-alignment between marketing program standardisation and the market environment in which it is implemented (Katsikeas, Samiee & Theodosios 2006). In addition to this, it appears that organisational performance is contingent upon standardisation levels of not only external organisational factors but also internal organisational attributes (Katsikeas, Samiee & Theodosios 2006; Schilke, Reimann & Thomas 2009; Virvilaite, Seinauskiene & Sestokiene 2011; Zou & Cavusgil 2002).

Literature suggests three dominant perspectives regarding the appropriate level of standardisation: standardisation, total adaptation, and contingency (Zou, Andrus & Norwell 1997). For a summary of the major attributes associated with each of the three levels of standardisation, see Table 2.11.

Table 2.11 Dominant perspectives regarding the appropriate levels of standardisation

<table>
<thead>
<tr>
<th>Level of standardisation</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total standardisation</td>
<td>Markets viewed as homogenous Provides economies of scale Faster time to market Consistency of product image Identifiable global brand image</td>
</tr>
<tr>
<td>Full adaptation</td>
<td>Markets viewed as heterogeneous Customisation of marketing activities</td>
</tr>
<tr>
<td>Contingency approach</td>
<td>Standardisation and adaptation viewed as two extremes Recognises the advantages and disadvantages of both full adaptation and standardisation</td>
</tr>
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Source: developed for this research.

Standardisation

While not all researchers agree with the findings of Levit (1983) that international markets are converging as consumers become more similar, it does appear tempting for many international organisations to try and standardise their manufacturing operations in order to achieve greater economies of scale and scope (Porter 1980; Yip 1995). The common justification for organisations looking to adopt a level of standardisation within elements of their marketing mix is usually justified in terms of economies of scale (Ryans, Griffith & White 2003). The reason behind this is that costs are able to be spread over a greater number of markets and thus reduce average per unit cost.
While the linkage between standardisation and reduced cost is intuitive, the implied relationship between cost saving and market effectiveness has not been sufficiently proved (Ryans, Griffith & White 2003). The challenge, therefore, is about ensuring that the cost savings derived from economies of scale are effective and able to deliver value. Therefore, it is the increase in value that implies improved organisational performance (Ryans, Griffith & White 2003).

Not all researchers have agreed that the economy of scale rationale is a widespread argument for organisations seeking to standardise their marketing mixes. For example, research undertaken by Vrontis, Thrassou and Lamprianou (2009) ascertained that easier planning and control and stock cost reduction were significant reasons pulling toward standardisation, while economies of scale in production was found to be only a peripheral reason.

**Adaptation**

Proponents of an alternative view of the marketplace propose that the global marketplace is heterogeneous with consumers having differing wants and needs (Douglas & Wind 1987). This alternative view lends itself to an adaptive approach to marketing strategy (Kotler 1986). Thus, supporters of adaptation strategy propose that, in order to meet the ever-changing demands of the global market place, tailoring of marketing mix elements is essential (Vrontis, Thrassou & Lamprianou 2009). Supporters of this school of thought consider that there are material differences and unique dimensions within (regions) and between international markets (Papavassiliou & Stathakopoulos 1997). As a result, followers of this adaptation school believe it necessary that organisations make every effort to adjust their marketing mixes in order to fit the individual market requirements.

Significant reasons for organisations to move toward an adaptation strategy include market development, differences in physical conditions, legal reasons, and political reasons (Vrontis, Thrassou & Lamprianou 2009). The same author cited that economic differences, culture, differences in customer perception, and competition, are peripheral reasons only for an organisation to move toward adaptation strategy.
Contingency theory

The contingency theory is supported by a growing body of research (Boddewyn, Soehl & Picard 1986; Cavusgil, Zou & Naidu 1993; Jain 1989; Quelch & Hoff 1986; Sorenson & Wiechmann 1975; Vrontis, Thrassou & Lamprianou 2009). This theory postulates that from a marketing mix perspective (tactical level) an either/or approach to either standardisation or adaptation is unwise and one likely to damage an organisation commercially (Vrontis 2003; Vrontis, Thrassou & Lamprianou 2009). Therefore, these same authors speculated that an organisation should standardise elements of the marketing mix where possible and adapt them only when necessary.

The ultimate advantage of the contingency theory is that this view recognises both the advantages and disadvantages of both the full standardisation and adaptation perspectives (Vrontis, Thrassou & Lamprianou 2009). At an organisational level, the costs involved by undertaking a fully adapted approach need to be offset by the desire of the organisation to capture the full benefits of standardisation. Therefore, balance between the two extremes is a matter of degree (Quelch & Hoff 1986; Vrontis & Vronti 2004).

Thus, the contingency theory allows for a balance between the two extremes of total standardisation versus total adaptation. For exporting organisations operating within foreign markets, the standardisation or adaptation debate should be assessed as two extremes. Therefore, organisations need to appraise under what conditions and the degree to which it will adapt or standardise various elements of the marketing mix (Alimiene & Kuvykaite 2008; Virvilaite, Seinauskiene & Sestokiene 2011).

Hybrid strategies

The literature is able to demonstrate that firms pursuing hybrid strategies are no less successful than organisations pursuing pure generic strategies (Gopalakrishna & Subramanian 2001; Miller & Dess 1993; Spanos, Zaralis & Lioukas 2004; White 1986). However, many of these empirical studies dedicated to the relationship between organisational performance and hybrid strategies have displayed contrasting results (Dess & Davis 1984; Kim & Lim 1988; Nandakumar, Ghabadian & O'Regan
Researchers have alluded to three main reasons as to why organisations may look to adopt a hybrid strategy. The majority of the rationale tends to focus upon the associated problems with pure (cost leadership and differentiation) strategies (Miller 1992). First, organisations that utilise a single or pure strategy may unknowingly be operating with a dissatisfied customer base. It can be difficult for pure strategies to satisfy all aspects of client requirements if the strategy is targeted too tightly.

Secondly, the knowledge that hybrid strategies are more likely to involve a greater number of strategic factors than are either of the pure strategies (cost leadership and differentiation) means that hybrid strategies are less likely to be replicated or improved upon by competitor organisations, owing to the number of variables involved (Beal & Yasai-Ardekani 2000; Pertusa-Ortega, Molina-Azorin & Claver-Cortes 2009). Thus, organisations that follow a pure strategy may find themselves at a disadvantage compared to those organisations practicing a hybrid-type strategy.

Thirdly, organisations that undertake a hybrid strategy may be better equipped to handle changes to the market place than are organisations specialising in one of the pure strategies (cost leadership or differentiation) (Miller 1992; Pertusa-Ortega, Molina-Azorin & Claver-Cortes 2009). In addition to this, Miller (1992) makes the comment that pure strategies may cause inflexibility and narrow an organisation’s vision due to their focus on a single strength.

Therefore, organisations that undertake hybrid strategies are forced to deal with a growing number of management factors associated with the growing complexity of organisational strategy. Accordingly, organisational executives are confronted with increasing challenges as to how to sustainably manage this growing strategic complexity. The result of increasing strategic complexity is the inevitable build-up of accumulated organisational knowledge. Therefore, the challenge for organisations is not only about how the individual learns from the organisation, but also how the organisation learns from groups and individuals within the organisation (Santos-Vijande, Lopez-Sanchez & Trespalacios 2012).
The absence of New Zealand-based research material required the search for relevant literature pertaining to global studies within the confines of organisational performance, strategy alignment, and food exporting. Recent research undertaken by Peters and Zelewski (2013) suggested that organisations within the food sector could elect to employ hybrid strategies; however, empirical findings are limited.

In summary, Chapter 2 reviews the parent and immediate disciplines/fields of the research problem. The chapter includes discussion regarding the two parent disciplines, namely generic strategies and export marketing strategies. The chapter also includes a presentation of the literature as it applies to the immediate discipline, being the application of strategy in New Zealand food export organisations. The thesis literature review is able to highlight research gaps within the existing literature, which becomes the focus within the next section.

2.7 Gaps in the literature

There is little agreement in the research literature as to the optimal ‘best fit’ of the two strategy groups, namely generic strategy and export marketing strategy. There also appears to be a dearth of research into the question of how New Zealand food exporters should approach strategy within this context of levels of standardisation and successful organisational performance.

A lack of agreement also exists as to the appropriateness and applicability of hybrid strategy, with various researchers naming this strategy as being ‘stuck in the middle’ with consequential average to below-average organisational performance (Porter 1980, p. 41). Some authors (Dess & Davis 1984; Hambrick 1983a; Kim & Lim 1988) have found that a number of the most profitable organisations achieve their successful organisational performance either through being the lowest cost, or by having the most differentiated market position within their industry. However, other researchers have found evidence that hybrid strategies can and do provide superior organisational performance (Gopalakrishna & Subramanian 2001; Miller & Dess 1993; Salavou & Halikias 2008; Spanos, Zaralis & Lioukas 2004; White 1986).

In addition to the above, literature regarding the appropriate levels of standardisation of elements of the marketing mix indicates the importance of the context to which it is
applied. Accordingly, much of the current literature cannot be generalised to other industries and/or countries (Sousa, Martinez-Lopez & Coelho 2008). Consequently, as the majority of the currently available research focuses upon the United States and Europe (Ghobadian, Veettil & O'Regan 2006), there is limited ability to generalise research findings into the New Zealand primary sector context, and in particular to the New Zealand food export sector.

The majority of research undertaken within the area of organisational performance and strategic fit is quantitative in nature (Sousa, Martinez-Lopez & Coelho 2008). Theodosiou and Leonidou (2003) in a study of the antecedent factors that affect an organisations decision to standardise or adapt its market strategy in a specific foreign market also demonstrated an absence of available quantitative research. Of a total of 36 studies, Theodosiou and Leonidou found only six studies reporting the use of some form of personal interviews. Similarly, Sousa (2004) found only one relevant study involving any form of personal interviews within a total of 43 studies, in research involving the measurement of export performance. Comments by the same author state that ‘personal interviews are generally more appropriate for gaining deeper insights into the problem and provide a better alternative to surveys in terms of collecting reliable data’ (Sousa 2004, p. 3). Despite the dearth of a relevant body of knowledge which is qualitative in nature the literature review is able to include a number of references relating to qualitative orientated or a combination of both qualitative and quantitative information (Enderwick 2004; Felzensztein & Gimmon 2014; Ibeh, Ibrahim & Panayides 2006; Leitner & Guldenberg 2010; Spyropoulou, Skarmeas & Katsikeas 2011; Virvilaite, Seinauskiene & Sestokie 2011; Zaiem & Zghidi 2011).

The lack of relevant qualitative literature has potentially resulted in a consequential lack of rich and insightful qualitative case study research material regarding the organisational structure, management, cultural and resource requirements necessary for successful hybrid strategy integration and relative organisational performance. Research into hybrid strategy usage within the context of the food industry is also limited (Peters & Zelewski 2011).

In the next section, the research problem and research questions will be presented.
2.8 Research problem and research questions

The primary purpose of this research is to first understand how New Zealand organisations operating within the food export sector integrate the simultaneous pursuit and equal emphasis of both cost leadership and differentiation strategies into their organisation. Secondly, the research will highlight the key enablers that these same organisations believe attribute to their organisation’s success. The research will add to existing theory in two areas. The first addition will be regarding the inter-relationships between hybrid generic and export marketing strategy, and the linkages to standardisation of elements of the marketing mix and to organisational success. The second addition to theory will be the contribution to a greater understanding of how organisations simultaneously integrate dual generic strategies, particularly within the confines of organisational structure, management, culture, and external enablers.

After consideration of the research background and literature review, the research problem for this study is defined as:

Some New Zealand food exporters successfully integrate the use of hybrid strategies (i.e. the equal emphasis of both cost leadership and differentiation strategies) into their organisational marketing mix; however, the key enablers of their successful organisational performance are not fully understood.

The research problem gives rise to three research questions, which will provide an explanation as to how New Zealand food exporters integrate an equal emphasis of both cost leadership and differentiation strategies into their organisation and to specifically:

- Explain the effect that hybrid strategy adoption will have on the marketing mix and the reasons why this will occur;
- Examine the merit in the commonly understood theory that higher costs are anticipated with differentiation, and lower costs are anticipated with cost leadership;
- Identify the key factors that support the application of hybrid strategies and enable successful organisational performance.
Therefore, the resulting research questions for this thesis are:

When successfully integrating the simultaneous pursuit and equal emphasis of both cost leadership and differentiation strategies into New Zealand food export organisations:

- What impact does the application of hybrid strategies have upon the standardisation of the marketing mix and why is this the case? (RQ1);
- How do organisations best balance the higher cost anticipated with differentiation with the lower costs anticipated with cost leadership when successfully integrating hybrid strategies? (RQ2);
- What factors enable successful organisational performance when integrating hybrid strategies? (RQ3)

2.9 Conclusions

This chapter (Chapter 2) provides a justification of Porter’s generic taxonomy as an appropriate framework for this research. Within this framework and under the heading of parent discipline one, the chapter provides further discussion of cost leadership, differentiation, stuck in the middle and hybrid strategies. The second parent discipline, namely export marketing strategy, explores standardisation versus adaptation and organisational performance as primary themes. The chapter provides a linkage from the two parent disciplines to the immediate discipline, being the application of strategy in New Zealand food export organisations.

In addition to this, the gaps in the current literature have been identified, along with the resulting research problem and associated research questions. A discussion of the methodology used in order to determine the explanations for the three proposed research questions is presented in the next chapter (Chapter 3).
Chapter 3 : Methodology

3.1 Introduction

In Chapter 2, a review of the relevant literature has informed the research questions for this thesis. This chapter will outline and justify the research methodology used in order that the research questions are addressed. The chapter is divided into seven sections as presented below.

- Introduction (Section 3.1)
- Selection and justification of research design (Section 3.2)
- Case study research design (Section 3.3)
- Data collection procedures (Section 3.4)
- Limitations of the methodology (Section 3.5)
- Ethical considerations (Section 3.6)
- Conclusions (Section 3.7)

The structure of this chapter is presented in Figure 3.1
Figure 3.1 Structure of Chapter 3

Introduction (3.1)

Selection and justification of research design (3.2)
- 3.2.1 Qualitative versus quantitative method
- 3.2.2 Paradigm selection
- 3.2.3 Rationale for case study selection
- 3.2.4 Case study quality, validity and reliability
- 3.2.5 Construct validity
- 3.2.6 Internal and external validity
- 3.2.7 Reliability
- 3.2.8 Multiple sources of evidence and triangulation

Case study research design (3.3)
- 3.3.1 Multiple-case study selection
- 3.3.2 Number of case study selections and justification
- 3.3.3 Case study selection criteria
- 3.3.4 Case study protocol

Data collection procedures (3.4)
- 3.4.1 Case study selection process
- 3.4.2 Researcher actions during the interview
- 3.4.3 Data collection sources
- 3.4.4 Case study transcripts, documentation and data storage

Limitations of the methodology (3.5)

Ethical considerations (3.6)

Conclusions (3.7)

Source: developed for this research.
3.2 Selection and justification of research design

After consideration of the research background and literature review the research problem for this study is defined as:

Some New Zealand food exporters successfully integrate the use of hybrid strategies (i.e. the equal emphasis of both cost leadership and differentiation strategies) into their organisational marketing mix; however, the key enablers of their successful organisational performance are not fully understood.

The research, therefore, provides an explanation as to how New Zealand food exporters integrate an equal emphasis of both cost leadership and differentiation strategies into their organisation and to specifically:

- Explain the effect that hybrid strategy adoption will have on the marketing mix and the reasons why this will occur;
- Examine the merit in the commonly understood theory that higher costs are anticipated with differentiation, and lower costs are anticipated with cost leadership;
- Identify the key factors that support the application of hybrid strategies and enable successful organisational performance.

This section justifies the research method, paradigm, strategies and design utilised in this study.

3.2.1 Qualitative versus quantitative method

There are two main approaches to academic research, these being qualitative and quantitative research methods (Ticehurst & Veal 2000). Researchers who use qualitative research or logical positivism employ experimental methods and quantitative measures to test hypothetical generalisations (Hoepfl 1997). The quantitative methodology relies upon numerical evidence drawn from a relatively large sample in order to analyse the data and draw conclusions about the population from which the sample was originally drawn (Ticehurst & Veal 2000). Researchers utilising quantitative methods attempt to fragment and delimit phenomena into
measurable or common categories that can then be applied to all of the subjects and/or wider situations (Winter 2000). Patton (2002) alludes to the requirement for quantitative researchers to elicit the use of standardised measures so that a set of numerical scales is able to measure objectively a predetermined set of varying perspectives and behaviours of people.

Qualitative research allows a different approach, in that it enables the understanding of phenomena in context-specific settings, such as ‘real world setting [where] the researcher does not attempt to manipulate the phenomena of interest’ (Patton 2002, p. 39). Patton goes onto say that the phenomenon of interest under qualitative research unfolds naturally and that while the credibility in quantitative research depends very much on instrument construction, in qualitative research, ‘the researcher is the instrument’ (Patton 2002, p. 14). In other words, unlike quantitative researchers who seek causal determination, prediction, and generalisation of findings, qualitative researchers seek rather understanding, enlightenment, and extrapolation to similar situations (Hoepfl 1997).

Qualitative researchers are able to correlate research findings by gathering large amounts of rich and insightful information from a small number of organisations or people and then building theory from the ground upwards. The research involves a full understanding of an organisation’s experiences and the relationships and peculiarities of individuals within groups (Ticehurst & Veal 2000).

The qualitative emphasis is on deriving an understanding of how people perceive and construct their lives, how people interact with one another and interpret those interactions within the framework of the social world, and the importance of observation in ‘natural’ settings (as opposed to observation in the laboratory environment) (Creswell 1998). Thus, qualitative research can be defined as:

An inquiry process of understanding based on distinct methodological traditions of inquiry that explore a social or human problem. The research builds a complex, holistic picture, analyses words, reports detailed views of informants and conducts the study in a natural setting (Creswell 1998, p. 15).
In summary, qualitative research is more concerned with a reality that is socially constructed and subjective. This approach sees social reality as constructed from daily social interactions from the point of view of those that live it. Qualitative research gathers large amounts of rich and insightful information from a small number of organisations or people and then attempts to build theory from the ground upward. This approach is quite different from the quantitative approach to research, which is grounded in positivism, i.e. believing that the world can be objectively described and measured. This style of research sees the researcher as independent and is more suited to the use of experiments, surveys, and statistics. Therefore, the use of a qualitative research method is regarded as most appropriate for this study.

3.2.2 Paradigm selection

A paradigm is a view of the world that cannot be proven or disproven by logic from outside that world (Lincoln & Guba 1985). A scientific paradigm is a whole system of thinking and includes basic assumptions, important questions and research techniques to be used (Neuman 2006).

There have been ongoing discussions within social science research about the most appropriate philosophical position from which methods should be derived. In broad terms, there are scientists who support a positivist approach, while others support an interpretivist approach. The positivist perspective holds that there is a world that can be described and measured objectively (Lincoln & Guba 1985). The key idea of positivism is that the social world exists externally and that measurement of such properties should be objective rather than subjective (Thorpe & Lowe 1991). Positivists are mostly concerned with the confirmation of a theory and are far less concerned with the building and development of new theory (Lincoln & Guba 1985).

The interpretive approach, however, is concerned with how people interact and engage with each other (Neuman 2006). In general, this approach is defined as:

The systematic analysis of socially meaningful action through the direct detailed observation of people in natural settings in order to arrive at understandings and interpretations of how people create and maintain their social worlds (Neuman 2006, p. 88).
In other words, the interpretive approach sees social reality as consisting of people who construct meaning and create interpretations through their daily social interactions (Neuman 2006).

This interpretive approach provides a deep insight into ‘the complex world of lived experience from the point of view of those who live it’ (Schwandt 1994, p. 118). The interpretive approach is based on an ontology in which reality is subjective, a social product constructed and interpreted by humans as social actors according to their beliefs and value systems. It can be further described as an attempt to ‘understand phenomena through assessing the meanings that participants assign to them’ (Orlikowski & Baroudi 1991, p. 5). This is aided by focusing on their cultural and historical context. The basic beliefs of the positivist paradigm versus the interpretivist paradigm is summarised in Table 3.1.

Table 3.1 Philosophy of research design

<table>
<thead>
<tr>
<th>Basic beliefs</th>
<th>Positivist paradigm</th>
<th>Interpretivist paradigm</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>The world is external and objective</td>
<td>The world is socially constructed and subjective</td>
</tr>
<tr>
<td>Observer is independent</td>
<td>Observer is part of what is observed</td>
<td></td>
</tr>
<tr>
<td>Science is value-free</td>
<td>Science is driven by human interest</td>
<td></td>
</tr>
</tbody>
</table>

*Source: adapted from Thorpe and Lowe 1991.*

In summary, the key differences between the positivist and interpretivist paradigms as they relate to quantitative and qualitative research methods are succinctly captured by Parisi (2009). These differences are captured under the headings of purpose, characteristics, paradigms and research methods used. A summary of these key differences is found in Table 3.2.
Table 3.2 **Differences in modes of inquiry**

<table>
<thead>
<tr>
<th></th>
<th>Quantitative</th>
<th>Qualitative</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Purpose</strong></td>
<td>To support or disprove a hypothesis and provide rigorous evidence that is</td>
<td>To understand a social setting, and what it means for the people within, can be:</td>
</tr>
<tr>
<td></td>
<td>valid, reliable and objective and can be replicated</td>
<td>• Exploratory</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Descriptive</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Explanatory</td>
</tr>
<tr>
<td></td>
<td>Likely to ‘theory test’</td>
<td>Likely to ‘theory build’</td>
</tr>
<tr>
<td><strong>Characteristics</strong></td>
<td>Traditional / experimental</td>
<td>Takes into consideration history and anthropology of social situations</td>
</tr>
<tr>
<td></td>
<td>Begins with a hypothesis</td>
<td>Gets very close to the situation and explores in depth</td>
</tr>
<tr>
<td></td>
<td>Collates statistical data to support / disprove and comes to definitive</td>
<td>Interested in understanding the meanings people have constructed about</td>
</tr>
<tr>
<td></td>
<td>conclusions</td>
<td>their social situation</td>
</tr>
<tr>
<td></td>
<td>Valid, reliable and objective</td>
<td>Credible, transferable and dependable</td>
</tr>
<tr>
<td></td>
<td>Attempts to be value free</td>
<td>Value-bound</td>
</tr>
<tr>
<td><strong>Paradigms</strong></td>
<td>Positivist</td>
<td>Interpretivist / Constructivist</td>
</tr>
<tr>
<td><strong>underpinning the</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>approaches</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Research methods</strong></td>
<td>Deductive methods</td>
<td>Ethnography</td>
</tr>
<tr>
<td><strong>used to support</strong></td>
<td>Surveys</td>
<td>Case Studies</td>
</tr>
<tr>
<td><strong>the approach</strong></td>
<td>Questionnaires</td>
<td>Action research</td>
</tr>
<tr>
<td></td>
<td>Grounded theory</td>
<td>Grounded theory</td>
</tr>
</tbody>
</table>

*Source: adapted from Parisi (2009).*

The use of the interpretive paradigm within a qualitative research method is regarded as most appropriate. This is because:

- Qualitative research is suited to gaining an understanding of phenomena in context-specific settings where the researcher does not try to manipulate the phenomena of interest;
- Qualitative researchers are able to correlate research findings from small groups of people within organisations and then apply and build new theories from the ground upwards. The ability of this style of research to provide an understanding of organisational experiences, relationships and peculiarities of individuals within groups sets it apart from quantitative research;
- Qualitative research allows the researcher to experience research issues from a participant’s perspective;
Chapter Three: Methodology

- Qualitative methodology allows for a combination of techniques that focus on human-interest issues that are of interest to everyday management.

The rationale for the case study selection is presented in the next section.

3.2.3 Rationale for case study selection

An explanatory case research was selected for this case study, the justification for which is presented below.

To gain inductively an understanding of the phenomenon studied, it is necessary to use methods of data generation that are both flexible and sensitive to the social context in which data are produced (Berg 1995). Central to qualitative research is the interviewing of small groups of people within organisations, detailing and observing what they say and do in the course of their daily routines, and the committing of these routines and behaviours to written record.

Although qualitative research recognises four different research methods (Parisi 2009), this thesis has adopted the case study approach as the most appropriate:

...the case study method allows investigators to retain the holistic and meaningful characteristics of real-life events – such as individual life cycles, small group behaviour, organizational and managerial processes, neighbourhood change, school performance, international relations, and the maturation of industries (Yin 2009, p. 4).

The same author expands on the above by defining a case study as:

...an empirical inquiry that investigates a contemporary phenomenon in depth and within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident (Yin 2009, p. 18).

In other words, researchers use the case study method because they wish to understand real-life phenomenon in depth but such understandings are contingent on important contextual conditions due to the high pertinence to the study (Yin 2009).

The justification for the use of case study methodology for this research is founded on four principals. Each of these four principals is detailed below.
First, while there may be explanatory, descriptive or exploratory case study research, what ultimately distinguishes the different methods is determined by three criteria: the type of research posed, the extent of control an investigator has over actual behavioural events and the degree of focus on contemporary as opposed to historical events (see Table 3.3).

Table 3.3 Relevant situations for different research methods

<table>
<thead>
<tr>
<th>Method</th>
<th>Form of research question</th>
<th>Requires control of behavioural events?</th>
<th>Focuses on contemporary events?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Experiment</td>
<td>How, why?</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Survey</td>
<td>Who, what, where, how many, how much?</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Archival Analysis</td>
<td>Who, what, where, how many, how much?</td>
<td>No</td>
<td>Yes / No</td>
</tr>
<tr>
<td>History</td>
<td>How, why?</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Case study</td>
<td>How, why?</td>
<td>No</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Source: adapted from Yin (2009, p. 8).

In this research, experiments are regarded as inappropriate, as an experiment would require controlling the behaviour of organisational participants. An historical analysis is considered most appropriate for dealing with the ‘dead’ past and where there is virtually no access or control. Therefore, historical analysis is not regarded as an appropriate mode of research investigation for this study. The case study approach is deemed the most appropriate mode of research for this thesis, as it focuses on contemporary events and is most suited where relevant behaviours cannot be manipulated (Yin 2009).

Secondly, ‘The desire to know “why”, to explain, is the purpose of explanatory research. It builds on exploratory and descriptive research and goes on to identify the reason something occurs.’ (Neuman 2006, p. 35). The primary purpose of this case study research is to explain why events occur, with the aim to build, elaborate, extend, or test existing theory. As a result, ‘how’ and ‘why’ questions are more explanatory and ideally suited to case studies (Yin 2009).

Thirdly, Neuman (2006) states that case study research is appropriate for studying individual cases, or a few people, in great detail over time. Similarly, Creswell (1998) emphasises that case studies derive an understanding of how people perceive and construct their lives as a meaningful process within a ‘natural’ setting (as opposed to a
laboratory). Therefore, the observations and recording of these social interactions is considered critical to understanding explanations as to ‘why’ and ‘how’ actions are taken (Creswell 1998). The research employed in this case study gathers rich and detailed information from senior and other relevant management levels with the purpose of understanding ‘how’ and ‘why’ decisions are made.

Finally, an inductive approach to conducting qualitative research is suitable for this explanatory case study, as it seeks to understand the connections that exist between the research objectives and the summary findings derived from organisational interviews and focus groups. The theory-building is largely an inductive process as theorising is built from the ground toward more abstract thinking. It is possible, however, to incorporate an element of deductive theorising, as prior theories are able to be inter-weaved with the rich interview data (Neuman 2006). The balancing of both deductive and inductive approaches is considered essential as ‘pure induction without prior theory might prevent the researcher from benefiting from existing theory, just as pure deduction might prevent the development of new and useful theory’ (Merriam 1988, p. 99).

In summary, explanatory case research has been selected for this study for two primary reasons. First, the literature review undertaken in Chapter 2 found that the majority of available literature to be quantitative in nature with an absence of relevant qualitative material (Sousa 2004; Sousa, Martinez-Lopez & Coelho 2008; Theodosiou & Leonidou 2003). Secondly, case study research is appropriate when ‘how’ and ‘why’ questions are used for the purpose of understanding within explanatory research and where the focus is on contemporary events over which the researcher does not possess any control. An exploration of the criteria for judging the quality of the case study research is presented in the next section.

3.2.4 Case study quality, validity and reliability

Interviews and observations are dominant in the naturalist (interpretive) paradigm and supplementary in the positivist paradigm, where the use of the survey method serves in opposite order (Patton 2002). Patton goes on to say that the credibility in quantitative research depends on the instrument of construction, while in qualitative
research, ‘the researcher is the instrument’ (Patton 2002, p. 14). This implies that the credibility of the qualitative researcher is derived from ability and effort of the researcher. Four tests are commonly used to establish the quality of any social science research. These include: construct validity, internal validity, external validity, and reliability (Yin 2009). A summary of these criteria is shown in Table 3.4.

Table 3.4 **Criteria for interpretive case study tactics**

<table>
<thead>
<tr>
<th>Criterion</th>
<th>Definition</th>
<th>Specific case study tactic</th>
<th>Phase of research in which tactic occurs</th>
</tr>
</thead>
</table>
| Construct validity | Establishing correct operational measures for the concepts being studied | • Use multiple sources of evidence  
• Establish chain of evidence  
• Have key informants review draft case study report | • Data collection (Section 3.2.8)  
• Data collection (Section 3.2.5)  
• Composition (Section 3.2.5) |
| Internal validity  | Establishing causal relationship as distinguished from spurious relationship | • Do pattern matching  
• Do explanation-building  
• Address rival explanations  
• Use logic models | • Data analysis (Section 3.2.6)  
• Data analysis (Section 3.2.6)  
• Data analysis (Section 3.2.6)  
• Data analysis (Section 3.2.6) |
| External validity  | Establishing the domain to which a study’s findings can be generalised | • Use replication logic in multiple-case studies | • Research design (Section 3.3.1) |
| Reliability        | Demonstrating that a study can be repeated with the same results   | • Use case study protocol  
• Develop case study database | • Data collection (Section 3.3.4)  
• Data collection (Section 3.4.4) |

*Source: adapted from Yin (2009, p. 41).*

A discussion of construct, internal and external validity, and reliability is presented in the following sections.

### 3.2.5 Construct validity

Construct validity requires correct operational measures for the establishment of concepts under study (Yin 2009). To meet the test of construct validity, the research design can incorporate three tactics. First is the use of multiple sources of evidence, termed as triangulation. This tactic is associated with data collection and encourages convergent lines of inquiry as ‘multiple sources of evidence essentially provide multiple measures of the same phenomenon’ (Yin 2009, p. 16). The second tactic is
the establishment of a chain of evidence and third is the review of the draft case study by key informants (Yin 2009).

This study is based upon a review of pertinent literature drawn from prior research (see Chapter 2). The literature review gives rise to a conceptual framework, which allows for a collection of data from multiple sources including interviews, focus groups, and modified Delphi techniques in conjunction with a range of internal and external documents relating to the case study organisation (see Section 3.4.3, and Table 3.9). The study is able to provide a chain of evidence, with the objective being to allow a subsequent reader of the case study thesis to follow the logic of evidence from initial research questions to final case study conclusions (Yin 2009). More specifically, a chain of evidence ‘allows an external observer to follow the derivation of any evidence from initial research questions to ultimate case study conclusions’ (Yin 2009, p. 122).

A chain of evidence for this case study research consists of in-text referencing for all sources of evidence used by the researcher. This in-text referencing allows the reader of the final thesis to link any conclusions made by the researcher directly to the data collected from each of the case study organisations. Additionally, an interview protocol, (see Section 3.3.4), allows for the linking of research interview questions directly to the research questions under study (see Appendix 1). The linking of interview questions to research questions in conjunction with in-text referencing of source material allows an external observer to maintain a chain of evidence, therefore ensuring construct validity (Yin 2009) (see Figure 3.2).
Figure 3.2 Chain of evidence

```
Case study Report

Case study Database

Citations to Specific Evidentiary Sources in the Case study Database

Case study Protocol (linking questions to protocol topics)

Case study Questions
```


Finally, each interview participant of the case study organisation is offered the chance to undertake a review of the draft transcript data. By allowing participants to review the transcript data, accuracy and therefore construct validity are improved, as relevant potentially new or forgotten material is given the opportunity to be introduced (Yin 2009).

3.2.6 Internal and external validity

Neuman (2006, p. 259) defines internal validity as:

> The ability of experimenters to strengthen the logical rigor of causal explanation by eliminating potential alternative explanations for an association between the treatment and dependent variable through an experimental design.

Therefore, internal validity is concerned with the relationships of cause and effect i.e. when an investigator is trying to explain how and why event $x$ led to event $y$ (Yin 2009). Yin refers to this phenomenon as the validity surrounding case study inferences where an inference is generated every time an event cannot be directly observed. Internal validity for an explanatory case study can be strengthened by the analytic tactic involving the iterative process of explanation building. This tactic is incorporated into this study as explanations and causal links about ‘how’ and ‘why’ something happened and is used to explain case study organisational behaviour in
relation to the successful adoption of hybrid strategies within the New Zealand food sector.

Yin (2009) further defines external validity by stating that high validity means the results of the research can be generalised to many situations and many groups of people, while low validity means the research results can only be applied within a very narrow setting. Yin (2009) goes on to suggest that the use of replication logic can increase external validity: therefore it is a technique utilised within this study. Replication logic is further discussed in Section 3.3.1.

3.2.7 Reliability

The objective of reliability is to be sure that if a future researcher followed the same procedure described by an earlier researcher and conducted the same case study, then ultimately the latter researcher should arrive at the same research findings and conclusions (Yin 2009). The minimisation of errors and bias is the ultimate goal (Yin 2009). Lincoln and Guba (1985, p. 185) refer to reliability as the extent to which measurement is free of ‘random or unstable error.’ The nature of qualitative research makes it difficult to achieve consistency and stability over time, as research findings are emergent, local, and specific. Yin (2009) states that there are two specific tactics that can be employed in order to achieve reliability and counter external reviewer suspicions with regard to the case study reliability. The first of these tactics is to create a case study protocol (see Section 3.3.4), with the second tactic being the development of a case study database (see Section 3.4.4). One of the major strengths of case study data collection is the opportunity to use many different sources of evidence. These multiple sources of evidence are able to provide dependability of data and contribute toward the trustworthiness of the research data collection (Yin 2009).

This research was able to collect data from multiple data sources, including interviews, focus groups, and modified Delphi techniques, from both senior and middle managers (see Table 3.9). Hard copy documents, which were made available by each of the organisations, along with researcher-written notes concerning participant observation, also form part of the data collected. Each interview was recorded on tape, transcribed into written format, and stored securely for future reference (see Section 3.4.4).
3.2.8 Multiple sources of evidence and triangulation

Applied to social research, triangulation means it is better to look at something from several angles than to look at the issue in only one way (Neuman 2006). By measuring something in more than one way, researchers are more likely to see a greater number of aspects concerning the issue under study. Yin (2009, p. 115) words this slightly differently, by stating that ‘multiple sources of evidence in case studies allows an investigator to address a broader range of historical and behavioural issues.’ The result of this is that data or evidence not sourced from one form of data collection can be picked up with other data collection techniques. Yin (2009) also makes particular reference to the importance of data triangulation by means of collecting information from multiple sources aimed at corroborating the same fact or phenomenon. The same author goes on to suggest that with data triangulation the potential problems associated with construct validity may be mitigated, as the multiple sources of data evidence provide multiple measures of the same phenomenon.

Yin (2009) draws out the distinction between triangulated data and multiple sources of evidence addressing different facts. Truly triangulated data arises when ‘the events or facts of the case study have been supported by more than a single source of evidence’ (Yin 2009, p. 116). It is possible that a researcher is able to use multiple sources of evidence but not triangulate the data. When this occurs, it is because each source of evidence has been analysed separately, with the resulting conclusions compared as they relate to each of the different analysis streams (see convergence and non-convergence of evidence in Figure 3.3).
Figure 3.3 **Convergence and non-convergence of multiple sources of evidence**

**Convergence of evidence**
- Single study
  - Documents
  - Archival Records
  - Open-ended interviews

**Fact**
- Observations (direct and participant)
- Structured interviews and surveys
- Focus interviews

**Non-convergence of evidence**
- Separate sub-studies
  - Site Visits → Findings → Conclusions
  - Survey → Findings → Conclusions
  - Document analysis → Findings → Conclusions

*Source: Yin (2009, p. 117).*

Case study research derived from interview data only is likely to result in an ‘interview study’ based on verbal reports that come from open-ended interviews (Yin 2009). Therefore, this research interweaves modified Delphi interviews, focus groups, hard copy data, and researcher-written notes concerning participant observation, from each of the participating research organisations.

### 3.3 Case study research design

The previous section provided evidence of research credibility and trustworthiness by examining the most commonly used tests associated with qualitative research. The next section will consider the most appropriate number of case studies required.
3.3.1 Multiple-case study selection

Multiple-case designs have distinct advantages and disadvantages in comparison to single-case designs. However, multiple-case design is often regarded as more compelling and, therefore, more robust (Herriott & Firestone 1983). In many situations, the rationale for using single-case design cannot be satisfied by multiple cases including the unusual or rare case, the critical case, and the revelatory case (Yin 2009).

This study makes use of the multiple case study approach for six primary reasons. First, multiple cases engage a variety of evidence and analytic conclusions, which provide more compelling results. This leads to more powerful and robust studies (Yin 2009). Secondly, multiple case studies can make use of replication logic, which is analogous to that used in multiple experiments (Hersen & Barlow 1976). It is this replication logic which is able to enhance validity of the study, as each individual case predicts either similar results (a literal replication) or contrasting results but for anticipatable reasons (a theoretical replication) (Yin 2009). Thirdly, multiple-case design is able to provide robust, rich, and meaningful propositions to the ‘how’ and ‘why’ nature of the case study questions selected. The fourth rationale is that multiple-case selection is ideally suited to the description and investigation of complex situations (Yin 2009). The fifth reason for multi-case selection is that the theory surrounding how New Zealand food exporters integrate a perceived equal emphasis of both cost leadership and differentiation strategies into their organisation is not well formulated. Finally, there is no unique organisation able to identify to the researcher the necessary attributes that warrant a single definitive case study.

3.3.2 Number of case study selections and justification

This section will discuss the question of how many case study organisations are required to be selected in order to provide rich and insightful research findings.

Patton (1990) states that there is no fixed rule for determining the number of case studies a researcher should incorporate into a field of study. Indeed, the decision is more about the topic under study, the purpose of the study, available resources and time and the need for research credibility. Patton (1990, p. 186) goes on to suggest
that ‘the sample size should be based on expected reasonable coverage of the phenomenon given the purpose of the study.’ Charmaz (2006) proposes that the aims of the study are the ultimate driver of the research design and therefore a major influence on the sample size. Moreover, Charmaz (2006) adds that a modest claim within the context of a smaller study may achieve the point of saturation more quickly than a larger study with less modest and larger claims.

For the purposes of this case study, the selection of four organisations will enable a breadth of selection, which will provide a range of organisations incorporating varying sizes, age, employee numbers, culture and organisational structure. Limiting the research to a maximum of four case study organisations will ensure manageability of the research and the ability to ensure depth of research within each of the organisations. Ensuring a focus on both the breadth and depth of the research will increase the quality of research outcomes. As theorised by Patton (1990, p. 185), ‘validity, meaningfulness, and insight generated from qualitative inquiry have more to do with the information-richness of the cases selected and the observational/analytical capabilities of the researcher than with sample size.’

The selection of four case studies recognises theory surrounding data saturation. Data saturation theory suggests that there is a diminishing return to a qualitative sample. As the number of interviews or number of case studies increases, this does not necessarily lead to more information (Ritchie, Lewis & Elam 2003). Crouch and McKenzie (2006) elaborate on this by stating that the frequencies of data are rarely important in qualitative research, as infrequent occurrences of data are potentially just as important as the number of data occurrences, with regard to understanding the meanings behind a research question.

The study identified and selected four case study organisations using the criteria outlined in Table 3.5. Each case study organisation selected was required to demonstrate that they were a proven high performer operating within the New Zealand export food sector. Case study organisations were also required to own and operate their manufacturing facility while demonstrating a hybrid marketing strategy. These selection criteria are defined in greater detail in Section 3.3.3.
Table 3.5 Case study selection criteria

<table>
<thead>
<tr>
<th>Case study name</th>
<th>Food Exporter</th>
<th>New Zealand Based</th>
<th>Ownership of Manufacturing Facility</th>
<th>Proven Performer</th>
<th>Hybrid Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>B</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>C</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>D</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Source: developed for this research.

The next section will discuss the criteria for the selection of the four case study organisations.

3.3.3 Case study selection criteria

Before outlining the criteria for the selection of multiple case study organisations, it is important to reflect on the primary purpose of the research thesis.

The primary purpose of this research was to first understand how New Zealand organisations operating within the food export sector integrate the simultaneous pursuit and perceived equal emphasis of both cost leadership and differentiation strategies into their organisational marketing mix. Secondly, the research was to highlight the key enablers that these same organisations believe contribute to their organisation’s success. Therefore, in order to satisfy both the primary and secondary purposes of this case study, four purposively selected case study organisations were chosen. The selection process was based upon four main criteria.

First, organisations selected fulfilled the criteria of being a New Zealand-based exporter of food products. Organisations were able to be overseas, New Zealand-owned, or a combination of both; however, the strategic decision-making functionality must reside in New Zealand in order to ensure strategic nuances were able to be captured during the interview and data collection process. The circulated questionnaire (see Appendix 2, question number 5), asked potential participant organisations to indicate the percentage of sales turnover generated by their export sales, with the specific aim of allowing the researcher to select those organisations with a higher level of exports, expressed as a percentage of sales turnover.
Secondly, the study targets those organisations that either own outright or lease their own manufacturing facilities within which the exported foods are manufactured. The selection of organisations that either own outright or lease their own manufacturing facilities is pertinent to the case study selection criteria as the research looks to capture the resulting logistical decisions as outcomes of the ‘how’, ‘why’ and ‘when’ manufacturing or factory decisions are made.

Thirdly, organisations selected as eligible case studies provide evidence of a current hybrid strategy, with a consequent perceived equal emphasis of both cost leadership and differentiated strategies. Evidence of a hybrid level strategy were measured using 13 cost leadership, differentiation, and hybrid business practices (see Table 3.6,) with the measurement scale being adapted from Luo and Zhao (2004). Respondents were asked to indicate the extent to which their organisation is focused on each of the 13 business practices, in comparison to their direct competition, by using a seven-point Likert scale, with scale points ranging from much lower (1) to much higher (7) (Cavusgil & Zou 1994).^1

^1 Note that in the original questionnaire sent out to potential participants (Appendix 3, question 9) the strategy groupings of cost leadership and differentiation were not provided, with the 13 dimensions instead being randomised. This ensured a reduced likelihood of participants making judgment decisions that may bias research questionnaire returns.
Table 3.6 Cost leadership, differentiation and hybrid business practices used to indicate the usage of a hybrid strategy

<table>
<thead>
<tr>
<th>Strategy type</th>
<th>Business practice description</th>
</tr>
</thead>
</table>
| Cost leadership strategy (C) | 1. Emphasis on production capacity utilisation  
2. Emphasis on tight control of selling general administration expenses  
3. Emphasis on efficiency of securing raw material or competitors e.g. bargaining down the purchase price  
4. Emphasis on finding new ways to reduce costs e.g. standardising the product or increasing the economies of scale  
5. Emphasis on operating efficiency e.g. productivity in production or efficiency in outbound logistics  
6. Emphasis on price competition i.e. offering competitive prices |
| Differentiation strategy (D) | 7. Emphasis on developing and utilising sales force  
8. Emphasis on building strong brand identification  
9. Intensity of your advertising and marketing  
10. Rate of new product introduction to market  
11. Emphasis on the number of new products offered to the market  
12. Emphasis on new product development or existing product adaptation to better serve customers |
| Hybrid strategy (H) | 13. Emphasis on the capability to manufacture specialty products for particular groups of customers |


Organisations that have above median scores in both cost leadership and differentiation were classified as following a hybrid strategy, as these organisations are shown to place a dual emphasis on efficiency (low cost) and differentiation (Pertusa-Ortega, Molina-Azorin & Claver-Cortes 2009; Wright et al. 1991).

A summary of the collated case study differentiation, cost leadership, and hybrid scores are presented in Table 3.7.

Table 3.7 Average case study scores of Differentiation, Cost Leadership, and Hybrid

<table>
<thead>
<tr>
<th>Case Study</th>
<th>Differentiation</th>
<th>Cost Leadership</th>
<th>Hybrid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case Study A</td>
<td>5.0</td>
<td>5.8</td>
<td>4.0</td>
</tr>
<tr>
<td>Case Study B</td>
<td>4.2</td>
<td>4.8</td>
<td>4.0</td>
</tr>
<tr>
<td>Case Study C</td>
<td>4.2</td>
<td>5.8</td>
<td>6.0</td>
</tr>
<tr>
<td>Case Study D</td>
<td>4.2</td>
<td>4.7</td>
<td>4.0</td>
</tr>
<tr>
<td>Average scores returned</td>
<td>3.2</td>
<td>5.9&lt;sup&gt;+&lt;/sup&gt;</td>
<td>2.0</td>
</tr>
</tbody>
</table>

Source: developed for this research.

<sup>2</sup> The high median average cost leadership score potentially indicates a cost leadership strategy bias within a hybrid strategy, by the New Zealand food exporting organisation case study respondents to this study.
The final selection criteria relates to the ability of the organisation to provide evidence of being an above-average performer within the framework of the New Zealand food export sector. A literature search on the subject of objective organisational performance (see Chapter 2, Section 2.4.4) suggested that there is a strong correlation between self-reported, perceived measures of performance and objective measures of performance (Covin & Slevin 1988; Dess & Robinson 1984). Therefore, this allows self-assessment by respondents when asked to compare their organisation’s performance to those of competitor organisations (Leitner & Guldenberg 2010).

The literature also suggests that export performance is not an objective term (Louter, Ouwerkerk & Bakker 1991). For this reason, this study employs a multi-dimensional approach to measuring organisational export performance, as literature posits that multidimensional measures provide a more accurate determination of overall organisational performance (Cavusgil & Zou 1994; Louter, Ouwerkerk & Bakker 1991; Moini 1995). Specifically, this study asked each potential research organisation (see Appendix 3, question 4) to measure their organisational performance objectively relative to their direct competitors. This was achieved by asking respondents to indicate on a seven-point Likert scale, with scale points ranging from much lower (1) to much higher (7) (Cavusgil & Zou 1994). Multi-dimensional performance measures include overall competitive position, organisational performance and success, sales growth, employment growth and market share growth (Julian & O'Cass 2004; Leonidou, Katsikeas & Samiee 2002; Morgan, Kaleka & Katsikeas 2004; Ogunmokun & Ng 2004).

Therefore, in summary, organisations selected as case studies were required to demonstrate the fulfilment of the following research criteria:

- evidence of domiciled New Zealand strategic decision-making functionality;
- evidence of ownership or leasing of manufacturing facility;
- evidence of an adopted hybrid strategy, with perceived equal emphasis of both cost leadership and differentiated strategies;
- proven high industry performance within the context of the New Zealand food export sector.
Finally, potential case study organisations were also asked, via the questionnaire return, to provide to the researcher an indication of their sales turnover, employee numbers and the age of the organisation. This additional information allowed the selection of four well-established unique organisations with varying turnover, ages, and employee numbers, in order to provide the researcher with greater robust, rich contextual data. This process helps to satisfy the research requirements surrounding case study quality, validity and reliability (see also Section 3.2.4).

This section has detailed the case study design and the justification for the number of case studies, inclusive of the selection criteria. The case study protocol will be presented in the next section.

3.3.4 Case study protocol

As explained previously a case study protocol was developed to support reliability, and counter external reviewer suspicions with regard to the case study reliability. The case study protocol is a way of increasing the reliability of case study research and guides the investigator in carrying out the data collection from a single case, even if the single case is one of several (Yin 2009). Case study protocol contains the data-gathering instrument as well as the procedures and general rules to be followed. Yin (2009) states that a case study protocol should include a case study overview, procedures, questions and report (see Table 3.8 below).
Table 3.8 **Case study protocol sections**

<table>
<thead>
<tr>
<th>Section</th>
<th>Protocol description</th>
<th>Located</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case study overview</td>
<td>An overview includes project objectives, issues, and associated readings about the topic under investigation (Yin 2009).</td>
<td>Chapters 1 and 2</td>
</tr>
<tr>
<td>Case study field procedures</td>
<td>Procedures for the presentation of the researcher credentials, access to case study sites, confidentiality of the case study sources, sources of data and procedural reminders form part of case study field procedures (Yin 2009)</td>
<td>Appendix 2</td>
</tr>
<tr>
<td>Case study questions</td>
<td>Specific questions the case study researcher must keep in mind in collecting the data in conjunction with ‘table shells’ for specific arrays of data form part of the protocol case study questions (Yin 2009)</td>
<td>Appendix 2</td>
</tr>
<tr>
<td>Case study report</td>
<td>This refers to the basic outline of the case study thesis and includes the outline and format of the data in conjunction with the bibliographical information of the thesis (Yin 2009)</td>
<td>Chapter 4 and References</td>
</tr>
</tbody>
</table>

*Source: developed for this research.*

### 3.4 Data Collection Procedures

This section is divided into four sub-sections including the case study selection process, researcher actions during the interviews, data collection sources and finally the case study transcripts, documentation and data storage.

#### 3.4.1 Case study selection process

Potential New Zealand food export case study organisations were purposively selected from the New Zealand Ministry of Innovation and Employment website ([http://www.med.govt.nz/](http://www.med.govt.nz/)). This site, on the date accessed (21 June 2013), listed 1088 registered Food and Beverage organisations.

Surface mail was forwarded to 44 potential case study organisations (see Figure 3.4), which included a research participation letter (see Appendix 4) in conjunction with a case study selection questionnaire (see Appendix 3). The research participation letter outlined to each potential case study organisation an introduction to the researcher, the general context and voluntary nature of the research, and ethical considerations alongside the statements guaranteeing confidentiality of the research organisation and individual participants. A section within this introductory letter outlined a request for
permission that the researcher be able to tape all data collection interviews and make notes in order to form a written transcript. An assurance of confidentiality is important in order to help gain the trust of the research participants (Yin 2009).

Completed questionnaires were returned to the researcher by potential case study organisations that wished to participate in the research project (see Figure 3.4). The researcher then collated this data and selected four appropriate case study organisations according to the pre-determined case study selection criteria (see Section 3.3.3). Upon selection, each of the four organisations selected for the case study were phoned (see Appendix 9) with an additional follow up confirmation letter being forwarded by the researcher advising the organisation of their selection (see Appendix 5). The confirmation letter also included an additional reminder for the participating organisation of the research context, voluntary nature of the research, ethical considerations and confidentiality guarantee reminders for both the organisation and participants (see Appendix 6). Organisations not regarded as an appropriate fit for the research were each forwarded a letter advising them of their non-selection (see Appendix 10).

In order to satisfy the ethical requirements outlined by the SCU’s Research and Higher Degrees Committee, participants from each of the four-selected case study organisations were asked to sign consent forms on behalf of the organisation (see Appendix 7). In addition, each participating individual was asked to sign a consent form prior to any researcher interviews being conducted (see Appendix 8).

A contingency plan, in the event that the initial mail-out to organisations should fail to gain consent from four suitable case study organisations, allowed the researcher to initiate further mail-outs with the specific aim of purposively selecting new potential case study organisations (see Figure 3.4).

In the event that an already-selected and willing participating case study organisation elected to withdraw their willingness to participate, the researcher had the opportunity to review existing questionnaire returns. Upon review, the researcher could elect to again approach an appropriate willing case study organisation fulfilling the research criteria or alternatively seek to initiate a further mail-out to new, previously unapproached food export organisations (see Figure 3.4). At the completion of
interviews and focus groups each of the participating case study organisations was sent a letter thanking them for their participation (see Appendix 11).

Preparatory interview questions were developed under each of the interview categories (see Appendix 2). In order to ensure research question relevance, each of the preparatory interview questions were also categorised under one of the three research questions (see Appendix 1). Finally, the research protocol was able to provide interview guidance to the interviewer during the interview process (see Appendix 2).

A full depiction of the selection process for case study organisations is located below in Figure 3.4.
Chapter Three: Methodology

Figure 3.4 Selection process for case study organisations

- Mail advice sent to potential research organisations containing requested research project participation letter (Appendix 4) and organisational case study selection questionnaire (Appendix 3)

- Organisations consider willingness to participate within research project
  - Organisation confirms a non-willingness to participate

- Organisations confirm a willingness to participate within research project by return of completed questionnaire to researcher
  - Researcher collates research questionnaire results
  - Four case study organisations are selected according to research organisational selection criteria (Section 3.3.3 and Table 3.5)

- Confirmation of 4 research participants as case study organisations, Confirmation letter is sent to case study organisations (Appendix 5)

- Participant case study organisations are sent:
  - Research Information Sheet (Appendix 6)
  - Informed consent to participate for organisation (Appendix 7)
  - Informed consent to participate for interview and focus groups (Appendix 8)

- The four selected case study organisations that are willing to participate are phoned in order to confirm possible interview dates and times (Appendix 9)

- Commencement of scheduled Interviews and Focus groups (Appendix 2)

- Follow up thank you letter after completion of interviews and focus groups (Appendix 11)

- Selected case study organisations may decide to opt out of the research project requiring the researcher to under-take a review of existing collated organisational questionnaire results to determine alternative potential qualifying organisations.

- Organisations not selected for research project are notified in writing subsequent to confirmation of 4 case study organisations (Appendix 10)
  - Contingency pathway

- Additional potentially suitable organisations are sent research project participation requests and organisation case study selection questionnaires until 4 case study organisations confirm research case study acceptance
  - A shortfall of suitable collated qualifying research organisations requires the researcher to send mail advice to potential research organisations containing requested research project participation letter and organisational case study selection questionnaire

- Source: developed for this research.
3.4.2 Researcher actions during the interview

According to Patton (2002) a qualitative interview should be open-ended, neutral, sensitive, and clear to the interviewee. For example, the researcher may elect to adjust later questions depending upon how the interviewee answers earlier questions. This allows the researcher to clarify responses and to probe new lines of inquiry. The questions asked are generally open-ended and designed to elicit detailed, concrete stories about the subject’s experiences (Burgess 1982).

In this research, an interview protocol (see Section 3.3.4 and Appendix 2) was developed, and used by the researcher to ensure that each interview remained consistent, and on-course. While a structured interview protocol was followed in each of the four interviews, the researcher allowed relevant diversions where the conversation was considered pertinent to the topic under discussion. The researcher was also conscious not to interrupt the interview flow, so as not to disrupt the thoughts and opinions of interviewees. This result of this documented procedure was to allow interviewees to cross over into other research questions. This process enabled data not specifically related to the research question to be collated during the analysis phase to one of the three case study research questions.

3.4.3 Data collection sources

This study incorporates data from two main sources of evidence. The first source of data evidence was collected directly from interviews. Interviews are used when the researcher wants to elicit information that cannot be observed or replicated (Merriam 1988) and it is one of the most important sources of case study information (Yin 2009). Interviews allow the researcher the opportunity to control conditions and look for completeness of responses and provide the researcher the ability to ask complex questions using extensive probes (Neuman 2006).

This researcher made use of semi-structured face-to-face interviews using a set of predetermined open-ended questions to guide the interview process (see Appendix 1). Flexibility within the interview process allowed the researcher to follow up divergent leads that developed between the researcher and interviewee. Similarly, using the open-ended question approach allowed the researcher to ask key interview
participants for facts and/or opinions about the causation of events. This approach also allowed the researcher to ask the interview participants to offer their own insights into certain occurrences. These responses were then used as a basis for further inquiry (Yin 2009).

In order to develop trust, rapport and a respect for the interviewees, initial interview questions are broad. This aids in the establishment of a safe, comfortable environment for the sharing of the interviewee’s personal experiences and attitudes as they actually occur (Darke, Shanks & Broadbent 1998). Therefore, during the interview process, the research interviewer made every effort to establish a relaxing, non-threatening, non-judgemental environment in order to allow the interviewee the opportunity to reflect openly and honestly about the commercial practices within their organisation.

For each of the four purposively selected organisations, up to a total of 4.5 hours of interview time was pre-scheduled. This time was divided into four distinct interview sessions (see Table 3.9). The initial set of interview questions was structured to capture higher-level knowledge and understanding with regard to organisational management, structure, export intensity, major export markets, product ranges, and history. The objective of gaining this information was to allow subsequent interviews and questions to be better placed into context. This first interview was conducted with either the organisation Human Resource, Export or Administration Manager. A full set of semi-structured open-ended interview questions is located in Appendix 2A. The initial high-level interview, was immediately followed by an in-depth semi-structured open-ended set of questions with two to three senior organisational managers (see Table 3.10). This set of questions, was structured around organisational culture, structure, strategy, marketing and sales, strengths and challenges and the general competitor environment (see Table 3.9). A full set of these interview questions is located in Appendix 2B.

The final 1.5 hours of organisational interview time was divided into two separate sessions. The first 0.5 hour session was devoted to a modified Delphi technique where manager participants were each asked to write answers to a set of pre-determined questions (Appendix 2C). The second and final session, lasting no more than 1 hour, was devoted to a focus group, where managers were asked to respond to a set of pre-
determined set of open-ended face-to-face questions (see Appendix 2D). In order to ensure an accurate rendition of the interview process, a recording device was used for all forms of interviews. Ethical considerations surrounding the use of audio recording devices are covered in the section entitled Ethical considerations (see Section 3.6). Recording devices were not used within the modified Delphi data collection process.

The selection of manager participants for each of the four interview sessions was strictly guided by the participating case study organisations. These decisions were primarily based around individual manager availability, workload and time commitments.

The second form of data evidence collected is derived from organisational documents. Documents can be letters, memoranda, agendas, study reports, or any items that can provide the researcher with greater understanding of the context and participants (Yin 2009). One of the most important uses of documents is to corroborate evidence gathered from other sources. Care needs to be taken, however, with respect to the potential over-reliance on documents, and with this source of evidence being taken as the unmitigated truth (Yin 2009). This research study collected documents from both internal and external sources. This research collated documents consisting of organisational charts, employee or role descriptions, organisational dashboards, business plans, mission statements, and sets of financial and management accounts. The researcher requested that, where appropriate and if in agreement, the case study organisation supply hard copies of documental evidence during the interview process.

In some instances, where documents were not available at the time of interview, the participant organisations willingly forwarded these documents to the researcher post-interview. In addition, the researcher was granted permission to take photographs of written material located on case study organisation office walls. Information collected from these sources was openly discussed during the interview process so that the researcher was better able to contextualise relevance of the data. This contextualisation formed part of the important data triangulation and construct validity process (Yin 2009).
Table 3.9 Research participants, methods, and procedures

<table>
<thead>
<tr>
<th>Hybrid Strategy Case study</th>
<th>Participant</th>
<th>Method</th>
<th>Procedure</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2-3 Senior Managers (1.5 hours)</td>
<td>Record manager meetings A. What impact does the application of hybrid strategies have upon the standardisation of the marketing mix and why is this the case? B. How do organisations best balance the higher costs anticipated with differentiation with the lower costs anticipated with cost leadership when successfully integrating hybrid strategies? C. What factors enable the successful firm performance when integrating hybrid strategies?</td>
<td>An open-ended, face-to-face set of structured interview questions pertaining to: 1. Background, culture and HR 2. Structure, reporting and communication 3. Strategy 4. Marketing / Sales 5. Strengths and Challenges 6. Markets, environment and competitors 7. Performance</td>
</tr>
<tr>
<td></td>
<td>3-4 Senior Managers (0.5 hour)</td>
<td>Session using modified Delphi technique: Further determine what impact the application of hybrid strategies has upon the standardisation of the marketing mix and why is this the case? Further determine how do organisations best balance the higher costs anticipated with differentiation with the lower costs anticipated with cost leadership when successfully integrating hybrid strategies? Further determine what factors enable the successful organisational performance when integrating hybrid strategies?</td>
<td>A session using modified Delphi technique in order to triangulate those findings from the senior manager interviews that cannot be triangulated in the following focus group session.</td>
</tr>
<tr>
<td></td>
<td>3-4 Senior Managers (1.0 hour)</td>
<td>Session using Internal Focus Group to: Further determine what impact the application of hybrid strategies has upon the standardisation of the marketing mix and why is this the case? Further determine how do organisations best balance the higher costs anticipated with differentiation with the lower costs anticipated with cost leadership when successfully integrating hybrid strategies? Further determine what factors enable the successful organisational performance when integrating hybrid strategies?</td>
<td>A session using a focus group in order to triangulate those findings from the senior manager interviews that will not be triangulated in the prior modified Delphi session.</td>
</tr>
</tbody>
</table>

Source: developed for this research.
Table 3.10 Senior organisational interview participants

<table>
<thead>
<tr>
<th>Case Study</th>
<th>Senior management interview participants</th>
<th>Additional senior managers interviewed</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>General Manager, Operations Manager, Marketing Manager</td>
<td>Finance Manager</td>
</tr>
<tr>
<td>B</td>
<td>Production Manager (Director), Finance Manager (Director) and Sales and Marketing Manager</td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>Chief Executive Officer, General Manager and Office Manager</td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>Chief Executive Officer, General Manager Sales and Marketing and General Manager Finance</td>
<td>General Manager Innovation, General Manager Operations and Company Secretary</td>
</tr>
</tbody>
</table>

Source: developed for this research.

3.4.4 Case study transcripts, documentation and data storage

The case study interviews were recorded on tape, subsequent to both organisation and participant agreement (see Section 3.6). The tape recordings were transcribed, with this written material then reviewed by each of the associated case study organisations so that data corrections and omissions could be corrected. A database of primary data, inclusive of written interview transcripts and secondary data, was held by the researcher under secure lock and key as required by the SCU’s Research and Higher Degrees Committee (see Section 3.6).

3.5 Limitations of the methodology

Case study research still invokes much criticism, even though an innate strength of case study is its potential to create new theory where existing theory is weak (Yin 2009). This next section examines the major limitations of case study methodology and explains how these limitations are mitigated within this research.

Some characteristics that lead to strengths in theory building from case studies also lead to some criticism (Yin 2009). In other words, the unique characteristics of case study research that produce these strengths may also lead to weaknesses (Eisenhardt 1989). Five major limitations of case study methodology exist.

First, intensive use of empirical evidence may lead to theory development that is overly complex (Eisenhardt 1989; Parkhe 1993). The result can be theory that is rich.
in detail but lacks in simplicity of overall perspective. Furthermore, building theory from case studies may result in narrow and idiosyncratic theory (Eisenhardt 1989). In other words, theorists are unable to raise the level of generality of the theory. In order to reduce the potential for building overly complex theory, this research defined the research problem in combination with research questions. Specifically, the researcher developed sub-questions that related back to the research problem, which became the guide for specific data collection. This process ensured that questions asked during the data-gathering phase of the research were inherently linked to the research problem. Therefore, theory complexity could be avoided by the collection of specific targeted data with relevance that pertained to specific high-level research questions.

The second limitation of case studies is that they are difficult to conduct (Eisenhardt 1989; Parkhe 1993). This is due to potential operational and logistical problems. To overcome this problem this research developed a case study protocol (see Section 3.3.4) providing clear guidance to the researcher in order to overcome these difficulties.

A third criticism often levelled at case study research is that it is prone to topic diversion (Yin 2009). This research was able to overcome this limitation by development of a case study protocol (Section 3.3.4). This protocol was able to guide the researcher through all phases of the data collection and analysis process. Protocol development forces the researcher to identify the case study audience, ensuring appropriate interview planning (Yin 2009).

The fourth limitation is that case study research is sometimes accused of bias and of lacking in rigour (Eisenhardt 1989; Parkhe 1993; Yin 2009). Sufficient evidence for the results must be provided and alternative interpretations considered with clear reason provided for their rejection, so that rigour and reliability of the research are established (Darke, Shanks & Broadbent 1998). In addition to this, data collection and data analysis processes in case study research are both subject to the researcher’s interpretation of interview material (Galliers 1992). It is important, therefore, for the researcher to develop a general data analysis strategy as part of the case study design (Yin 2009). This research follows the techniques suggested in each stage of the case study research, which are discussed further in Chapter 4.
Finally, it was necessary for the researcher to judge the point of data saturation. A point is reached with qualitative research of diminishing return – as the research continues, the accumulation of more data does not necessarily lead to more information (Creswell 1998).

A criticism raised by Parkhe (1993) that case study research lacks external validity refers to the degree to which findings can be applied to other contexts or groups. Holloway and Wheeler (1997) state that focusing on one particular case in a particular setting makes the findings from case study research difficult to apply to the wider population. Meyer, Spilsbury and Prieto (2000) agree with this assertion, finding that case study research is not representative of a population.

Yin (2009) proposes a counter-balance to this theory by stating that, like experiments, case study research, relies upon analytical generalisation rather than statistical generalisation. The researcher in analytical generalisation ‘is striving to generalise a particular set of results to some broader theory’ (Yin 2009, p. 43). Critics of this view typically state that single case studies offer a poor basis for generalisation (Yin 2009), however in the view of Yin, ‘case studies, like experiments, are generalizable to theoretical propositions and not to populations or universes’ (Yin 2009, p. 18). The goal within case study research, therefore, is to generalise theories and not to enumerate frequencies (Yin 2009).

In this section, the major limitations of case study methodology and the mitigation of these concerns have been presented. In the next section ethical concerns surrounding the research will be presented.

3.6 Ethical considerations

The primary purpose of ethics research is to protect participating individuals and organisations from any harm or adverse consequences that may result from the research activities. This research study used guidelines as set out by the SCU’s Research and Higher Degrees Committee under the approval numbers ECN-12-024 and ECN-13-0-95.
The research used four principle guidelines in order to ensure the study maintained the highest ethical standards during the data collection process.

The first principle is that ‘researchers must treat with dignity and respect the persons, groups and organisations which participate in their research’ (Bouma 2000, p. 195). All participants of the research were treated as participants and not as subjects of the research. All questions were treated as sensitive with responses listened to with respect.

Secondly, the ‘research must be based on a knowledge of the work of others in the area and be conducted and/or supervised by persons qualified to do the work who have the necessary facilities to ensure the safety of the participants’ (Bouma 2000, p. 195). A complete literature review was undertaken (see Chapter 2) prior to undertaking the data collection process. A data collection protocol (see Section 3.4.2) was developed to ensure professionalism and standardisation for all participants, in conjunction with reliability and replicability of the case study.

The third principle is that the ‘the potential benefits of a research project must substantially outweigh the potential harm to participants’ (Bouma 2000, p. 196). Guidance and approval were sought from the SCU with regard to this research principle.

Finally, the ‘participants in research must be able to make a voluntary, informed decision to participate’ (Bouma 2000, p. 197). Prior to conducting the data collection phase, all organisations and individual participants have the right to sign informed consent forms (Berg 2004). To comply with this protocol and before data collection for this research commenced, a consent form was sent to the participating organisations, requesting their written approval to participate (see Appendices 7 and 8).

Organisation and participant consent forms each required the additional signature of a witness. Each case study organisation and participant, were fully briefed by the researcher in order to ensure full understanding of participant and organisational rights and ability to withdraw at any time, confidentiality and anonymity, interview duration and structure, and willingness and agreement to have all interviews audio-
taped. Case study participants were also informed that the organisation was under no obligation to submit any information or data that they considered commercially sensitive. Finally, all interview transcripts were freely made available to the participants involved in that interview, so that any necessary alterations or amendments could be unreservedly made.

3.7 Conclusions

A justification for the selection of case study research is presented within Chapter 3. A demonstration as to how reliability, validity, trustworthiness, and rigour are incorporated into the research design is provided, as is the justification for the selection of the qualitative methodology, the case study approach, the interpretive paradigm and the multi-case selection. Data collection involved a face-to-face interview process with four case study organisations, including a modified form of the Delphi technique and focus groups. Data was also collated in the form of physical documents. A case study protocol highlights how prior theory is incorporated into the research design in conjunction with the process of the selection of case study organisations. Finally, the limitations and ethical considerations associated with this research are highlighted. In the next chapter, Chapter 4, an analysis of the data collected is presented.
Chapter Four: Analysis

4.1 Introduction

In the previous chapter, a discussion and justification of the methodology adopted to collect and analyse the data for this research was presented. The adopted methodology was justified in order to address the research problem and provide an explanation as to how New Zealand food exporters integrate a perceived equal emphasis of both cost leadership and differentiation strategies into their organisation. Specifically, the methodology was adopted to:

- Explain the effect hybrid strategy adoption will have on the marketing mix and the reasons why this will occur (RQ1);
- Examine the merit in the commonly understood theory that higher costs are anticipated with differentiation, and lower costs are anticipated with cost leadership (RQ2);
- Identify the key factors that support the application of hybrid strategies and enable successful organisational performance (RQ3).

In this chapter, the analysis process and case study interview data are presented in nine sections (see Figure 4.1). The nine chapter sections, along with their section numbers, are listed below.

- Introduction (Section 4.1)
- Backgrounds of participating case study organisations (Section 4.2)
- Analytic strategy (Section 4.3)
- Coding method employed for research data analysis (Section 4.4)
- Within-case analysis (Section 4.5)
- Cross-case analysis (Section 4.6)
- Data analysis and the linkage to the research questions (Section 4.7)
- Research question data analysis (Section 4.8)
- Conclusions (Section 4.9)
Chapter Four: Analysis

Chapter 5 compares the analysis findings discussed in Chapter 4 to the literature search found in Chapter 2.

Figure 4.1 Structure of Chapter 4

- Introduction (4.1)
- Backgrounds of participating case study organisations (4.2)
- Analytic strategy (4.3)
- Coding method employed for research data analysis (4.4)
- Within-case analysis (4.5)
- Cross-case analysis (4.6)
- Data analysis and the linkage to the research questions (4.7)
- Research question data analysis (4.8)
  - 4.8.1 Research Question 1
  - 4.8.2 Research Question 2
  - 4.8.3 Research Question 3
- Conclusions (4.9)

Source: developed for this research.
The next section provides a brief overview of each of the four participating case study organisations.

4.2 Backgrounds of participating case study organisations

The unit of analysis for this research is undertaken at the organisational level i.e. organisations operating within an export venture, being the New Zealand food export sector (Sousa 2004). Four individual case study organisations were selected purposively from this sector. Confidentiality for each participating case study organisation was a concern originally raised by the Human Ethics Committee while securing ethics approval for this research thesis. To address this concern, during the data analysis phase, each case study organisation was allocated an alpha-code as identification. This process enabled the confidentiality of both the organisation and any associated research participants to be preserved.

All relevant identifying industry details were filtered in order to guarantee the anonymity of both the organisation and individuals who willingly participated in this research. A summary overview of participating case studies is found in Table 4.1, with further detail in Appendix 12.

Table 4.1 Participating case study organisational summary

<table>
<thead>
<tr>
<th>Case Study alpha-code</th>
<th>Current Turnover ($NZM)</th>
<th>Current Employees</th>
<th>Organisation Age (years)</th>
<th>% of turnover generated by export sales</th>
<th>Number of different product lines</th>
<th>Number of different export markets</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>0-30</td>
<td>0-50</td>
<td>13+</td>
<td>21-40</td>
<td>28</td>
<td>4</td>
</tr>
<tr>
<td>B</td>
<td>0-30</td>
<td>51-100</td>
<td>13+</td>
<td>5-20</td>
<td>25</td>
<td>6</td>
</tr>
<tr>
<td>C</td>
<td>0-30</td>
<td>0-50</td>
<td>13+</td>
<td>41-60</td>
<td>11</td>
<td>3</td>
</tr>
<tr>
<td>D</td>
<td>1001+</td>
<td>101-500</td>
<td>13+</td>
<td>81-100</td>
<td>50+</td>
<td>40+</td>
</tr>
</tbody>
</table>

*Source: developed for this research.*

4.3 Analytic strategy

The aim of this section is to outline the procedural mechanism for the analysis of the research data. There are few formulae for the analysis of qualitative data (Yin 2009) and therefore data analysis, as it relates to qualitative research, refers to the search of patterns held within the data (Neuman 2006). Furthermore, Patton and Appelbaum
(2003, p. 67) state the ‘ultimate goal of the case study is to uncover patterns, determine meanings, construct conclusions and build theory.’

Grounded theory is not the primary method of data analysis for this research. However, there are a number of data analysis techniques embedded within grounded theory which were utilised within this research, as grounded theory ‘allows for a wider range of data, including company reports, secondary data and even statistics, providing the information has relevance and fit to the study’ (Goulding 2002, p. 44). In addition, grounded theory allows for an initial literature review that is able to assist the researcher in the formation of ideas. It is from these ideas that the researcher is then able to develop a preliminary theoretical framework (Andrade 2009).

The use of prior theory and researcher knowledge, researcher questions and the associated linkage to data collection, texts, categories, data pattern identification and the answers to research questions is shown diagrammatically in Figure 4.2 and depicts the process in which the data in this research was analysed.

Structuring of raw data requires detailing the link between the data and the research questions and identifying links between data. This is necessary for two reasons. First, at the beginning of the analysis phase, information contained in the texts is not inherently linked to the research question. Secondly, at this early stage, the information is not structured according to the theoretical background against which the original research question was formulated (Glaser & Laudel 2013).

The identification and location of the raw data involves two phases. The first phase requires the researcher to recognise parts of the case study data as being relevant for answering one of the three research questions. The second phase requires the researcher to decide to which category (theme) the data belonged (Glaser & Laudel 2013).

The process requires a coding system to enable the linkage of raw research data to case study organisations, interviews, category groupings and, consequently, to each of the three research questions. A coding mechanism was therefore developed for the analysis of the data, and is detailed in the following section.
Figure 4.2 Steps between prior theory and knowledge and answer to research questions

Source: adapted from Glaser and Laudel (2013).

4.4 Coding method employed for research data analysis

The coding method used for data analysis is based upon the model below, which utilises research undertaken by Dick (2005).
Figure 4.3 **Approach to data analysis**

The coding process within the data analysis comprises six phases. In this research, the first phase involved collection of raw data as outlined in Chapter 3. Each of the four case study interview tape recordings was then transcribed to enable the coding of this data. This first phase was undertaken in conjunction with phase 2, involving the re-reading of the notes taken during each of the organisational interviews to ensure the context of each of the participant responses was captured. These first and second stages also involved the re-reading of organisational documents received either prior to or post the interview process.

The third phase of data analysis involved the line-by-line scrutinising and interpretation of informant feedback. This process involved the drawing of data tables, within which were placed keywords, opinions, and themes, categorised under each of the primary research questions for each of the four case study interviews. Relevant keywords, opinions, and themes were also categorised from each of the supporting documents and added to each of the relevant tables. The development of categories entails the comparing and checking of informant responses in order to aid the identification of patterns, thus helping the synthesis of data (Morse 1993).

The major tool for this step is the development of a coding system. Hierarchical coding was applied in order that patterns could be broken down into sub-categories to reveal similarities and differences, and thereby enable the construction of varying sub-themes or categories. Coding ‘...represents the operations by which data are broken
down, conceptualized, and put back together in new ways. It is the central process by which theories are built from data’ (Strauss & Corbin 1990, p. 16).

This research sought to establish an understanding between the research questions and the summary findings derived from the four case study interviews. Within this context, the aim of the coding process was to begin the iterative process of the labelling of all collected case study interview data. Thus, coding allowed for the comparison of similar incidents and phenomena to be compared and contrasted with each other (Douglas 2003). Codes can be numbers, mnemonics, single words, or short phrases (Miles & Huberman 1994). For example, the response from an interview participant when asked about the standardisation of the marketing mix within their organisation was coded with the core category of ‘Marketing Mix’. This example is presented in Table 4.2.

Table 4.2 Open Coding example (ID: 1008)

<table>
<thead>
<tr>
<th>ID</th>
<th>Case study Comments</th>
<th>Core Category</th>
<th>Code Number</th>
<th>Research Question No:1,2,3?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1008</td>
<td>We aim to keep our marketing mix fairly standard but this is not always achievable.</td>
<td>Marketing Mix</td>
<td>C1Bf</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: developed for this research (see Appendix 13).

The coding process, where appropriate, also allowed multiple codes to be applied to an individual segment of text. For example, the response from an interview participant when commenting about sales and promotional usage was coded with a core category of ‘Marketing Mix’ and with secondary codes of ‘Promotions’ and ‘Cost Control’. This secondary coding allowed the researcher to apply further analysis to data held within a core category code (Miles & Huberman 1994). This example is presented in Table 4.3.
Chapter Four: Analysis

Table 4.3 **Secondary code usage within core category coding (ID 1005)**

<table>
<thead>
<tr>
<th>ID</th>
<th>Case study Comments</th>
<th>Core Category</th>
<th>Secondary Category 1</th>
<th>Secondary Category 2</th>
<th>Code Number</th>
<th>Research Question No:1,2,3?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1005</td>
<td>Your marketing programme is always going to be more successful if it is tailor-made for markets but at the end of the day it all comes down to cost, your agency costs and your development costs etc.</td>
<td>Marketing Mix</td>
<td>Promotions</td>
<td>Cost Control</td>
<td>C1Bd</td>
<td>1</td>
</tr>
</tbody>
</table>

*Source: developed for this research (see Appendix 13).*

**Code number explanation**

The coding process made use of a code number, which allowed the researcher the ability to link back the coded group of text to the original case study transcript. The alpha-numerical code was assigned according to the key outlined in Appendix 14.

The fourth phase of the analysis process involved memoing. This process was implemented in parallel with data collection, note-taking, and coding. As Dick (2005, p. 7) observes, ‘Memoing adds the relationships which link the categories to each other’. The fifth phase, this being the process of memoing, was undertaken in conjunction with ‘sorting’, which enabled the articulation of the analysis. For example, the response from an interview participant when commenting on the lessons that can be applied to other aspiring non-hybrid organisations gave rise to the core category code and memo notes as shown in Table 4.4.
Table 4.4 Memoing and the linkage to the core category

<table>
<thead>
<tr>
<th>ID</th>
<th>Case study Comments</th>
<th>Core Category</th>
<th>Code Number</th>
<th>Research Question No:1,2,3?</th>
<th>Memo</th>
</tr>
</thead>
<tbody>
<tr>
<td>1018</td>
<td>Slow print runs for packaging slow your response rate to client requests.</td>
<td>Marketing Mix</td>
<td>C1Df</td>
<td>1</td>
<td>Retailers expect quick decisions to be made with packaging timeliness a critical part of the process. Can sometimes be what is thought of last!</td>
</tr>
</tbody>
</table>

Source: developed for this research (see Appendix 13).

The sorting phase of data analysis was undertaken utilising Excel spread-sheeting software. This process allowed the data to be manipulated, taking into account the various core categories, secondary categories and memo notes taken during the data collection, note-taking and coding phases. A partial transcript listing of case study and participant interview statements is located in Appendix 13. A complete record is held on file by the researcher.

The final phase of writing was completed in combination with the sorting phase above.

4.5 Within-case analysis

The within-case analysis process enables the unique characteristics of each case to emerge before moving onto the establishment of similarities and patterns between cases (Eisenhardt 1989). The characteristics of each case were carefully documented against core categories.

This strategy involved searching for the characteristics and patterns in the case study data and comparing them with the proposed pattern extracted from the literature review (Creswell 1998).

4.6 Cross-case analysis

The researcher used a technique called cross-case analysis in order to enable further depth of data analysis. Care must be taken, however, when linking cross-case
propositions to ensure that fair and plausible arguments are supported by the data (Yin 2009). In this case study research, the process of cross-case analysis was made possible by the detailed coding procedure undertaken, whereby each group of coded text was able to be linked to the interview question, interview segment, research question, category code(s) and finally, individual case study organisation. An example of how coding assisted cross-case analysis is presented in Table 4.5.

Table 4.5 Pattern matching between case studies

<table>
<thead>
<tr>
<th>ID</th>
<th>Case Study Comments</th>
<th>Core Category</th>
<th>Secondary Category 1</th>
<th>Code Number</th>
<th>RQ1</th>
</tr>
</thead>
<tbody>
<tr>
<td>1009</td>
<td>Distribution channels within NZ are exactly the same. Our export markets are all similar in nature also and therefore we do not have to think about varying in-market distribution systems.</td>
<td>Marketing Mix</td>
<td>Distribution</td>
<td>C1Bg</td>
<td>Y</td>
</tr>
<tr>
<td>3008</td>
<td>It’s moved too little and often deliveries. So the days of sending big pallets out in one hit, which was very cost effective freight-wise, to now being changed to little and often deliveries. Now you have to have one pallet for each flavour so in our case that’s one pallet layer. It’s just not cost effective.</td>
<td>Marketing Mix</td>
<td>Distribution</td>
<td>C1Bf</td>
<td>Y</td>
</tr>
<tr>
<td>4008</td>
<td>The distribution process across markets is very similar with no material differences.</td>
<td>Marketing Mix</td>
<td>Distribution</td>
<td>C1Bb</td>
<td>Y</td>
</tr>
</tbody>
</table>

*Source: developed for this research (see Appendix 13).*

The data analysis also incorporated pattern matching into the design, whereby empirical patterns were compared against a predicted pattern. This strategy involved searching for the recurring patterns in the case study data and comparing the similarity with different empirical patterns from each organisation as well as the proposed pattern extracted from the literature review (Creswell 1998).
4.7 Data analysis and the linkage to the research questions

All interview questions within the research were formulated in order to address the three research questions developed for this research:

- What impact does the application of hybrid strategies have upon the standardisation of the marketing mix and why is this the case? (RQ1);
- How do organisations best balance the higher cost anticipated with differentiation with the lower costs anticipated with cost leadership when successfully integrating hybrid strategies? (RQ2);
- What factors enable successful organisational performance when integrating hybrid strategies? (RQ3)

To facilitate an ordered and structured analysis, all interviewee responses were recorded, and allocated to one of the three predetermined research questions. The process was facilitated by the earlier alignment of each interview question to each of the three research questions (see Appendix 1). This methodology ensured that non-relevant or partially relevant interviewee comments could be analysed, either in the individual case study section and/or the alternative cross-case analysis section (see Appendix 15). An example of how interviewee responses were coded to associated research questions is shown in Table 4.6.

Table 4.6 Coded interview participant response to associated research question

<table>
<thead>
<tr>
<th>ID</th>
<th>Case study Comments</th>
<th>Core Category</th>
<th>Secondary Category 1</th>
<th>Secondary Category 2</th>
<th>Code Number</th>
<th>Research Question No:1,2,3?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1005</td>
<td>Your marketing programme is always going to be more successful if it is tailor-made for markets but at the end of the day it all comes down to cost, your agency costs and your development costs etc.</td>
<td>Marketing Mix</td>
<td>Promotions</td>
<td>Cost Control</td>
<td>C1Bd</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: developed for this research (see Appendix 13).
4.8 Research question data analysis

The data collated in response to each of the three research questions is summarised in the paragraphs below. A complete record of case study responses is held on file by the researcher with a sample of this data provided in Appendix 16. For each research question, the data analysis is organised in order of each case study organisation i.e. A, B, C, and D. An analysis of cross-case data is presented at the end of each research question.

4.8.1 Research Question 1: What impact does the application of hybrid strategies have upon the standardisation of the marketing mix and why is this the case?

Research Question 1: Within-case analysis

**Case study A: Within-case RQ1**

The data collated from Case Study A in relation to Research Question 1 is summarised below. Summary interview comments are categorised under relevant core category codes. A complete record of case study responses is held on file by the researcher with a sample of this data provided in Appendix 16.

The data collected from Case Study A shows their distribution and promotion elements of the marketing mix to be standardised, with pricing, product and packaging all being differentiated (adapted).
Table 4.7 Case Study A Research Question 1 summary

<table>
<thead>
<tr>
<th>Core Category</th>
<th>Sub Category</th>
<th>Case Study A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing Mix</td>
<td>Distribution</td>
<td>• Standardised</td>
</tr>
<tr>
<td></td>
<td>Promotion</td>
<td>• Standardised</td>
</tr>
<tr>
<td></td>
<td>Pricing</td>
<td>• Differentiated</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Client driven</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Comments:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Retailer driven</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Robust product costing procedures</td>
</tr>
<tr>
<td></td>
<td>Product</td>
<td>• Differentiated</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Focused on two product types</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Comments:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Retailer driven</td>
</tr>
<tr>
<td></td>
<td>Packaging</td>
<td>• Differentiated</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Client driven</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Pack size as differentiator</td>
</tr>
<tr>
<td>Mixed</td>
<td></td>
<td>• Experienced staff</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Strong customer relationships</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Factory is not highly automated</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Flexible production system</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Nimble</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Factory volume and cost trade-off</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• No off-shore sales staff</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Retailer pressure on product format and form</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Competitor influence on product format</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Flexible and nimble workforce with strong work ethic</td>
</tr>
</tbody>
</table>

*Source: developed for this research.*
Case Study B: Within-case RQ1

The data collated from Case Study B in relation to Research Question 1 is summarised below. Summary interview comments are categorised under relevant core category codes. A complete record of case study responses is held on file by the researcher with a sample of this data provided in Appendix 16.

Table 4.8 Case Study B Research Question 1 summary

<table>
<thead>
<tr>
<th>Core Category</th>
<th>Sub Category</th>
<th>Case Study B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing Mix</td>
<td>Distribution</td>
<td>• Standardised</td>
</tr>
<tr>
<td></td>
<td>Promotion</td>
<td>• Standardised</td>
</tr>
<tr>
<td>Pricing</td>
<td></td>
<td>• Differentiated</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Client driven</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Comments:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Product mix and volume related</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Robust product costing procedures</td>
</tr>
<tr>
<td>Product</td>
<td></td>
<td>• Differentiated (packaging as primary differentiator)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Comments:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Country and retailer driven</td>
</tr>
<tr>
<td>Packaging</td>
<td></td>
<td>• Differentiated</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Client driven</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Pack size and form as differentiators</td>
</tr>
<tr>
<td>Mixed</td>
<td></td>
<td>• Experienced staff</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Strong customer relations (open and honest communication with clients)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Factory is not highly automated</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Nimble</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Factory volume and cost trade-off</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• No offshore sales staff</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Retailer pressure on product format and form</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Trust</td>
</tr>
</tbody>
</table>

Source: developed for this research.

The data collected from Case Study B shows their distribution and promotion elements of the marketing mix to be standardised, with pricing, product and packaging all being differentiated (adapted).
Case Study C: Within-case RQ1

The data collated from Case Study C in relation to Research Question 1 is summarised below. Summary interview comments are categorised under relevant core category codes. A complete record of case study responses is held on file by the researcher with a sample of this data provided in Appendix 16.

Table 4.9 Case Study C Research Question 1 summary

<table>
<thead>
<tr>
<th>Core Category</th>
<th>Sub Category</th>
<th>Case Study C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing Mix</td>
<td>Distribution</td>
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</tr>
<tr>
<td></td>
<td>Promotion</td>
<td>• Standardised</td>
</tr>
<tr>
<td>Pricing</td>
<td></td>
<td>• Differentiated</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Client driven</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Comments:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Retailer driven</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Robust product costing procedures</td>
</tr>
<tr>
<td>Product</td>
<td></td>
<td>• Differentiated</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Comments:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Client driven</td>
</tr>
<tr>
<td>Packaging</td>
<td></td>
<td>• Differentiated</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Client driven</td>
</tr>
<tr>
<td>Mixed</td>
<td></td>
<td>• Experienced staff</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Strong customer relationships</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Factory is not highly automated</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Flexible production system</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Nimble</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Factory volume and cost trade-off</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• No off-shore sales staff</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Retailer pressure on product format and form</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Workforce intuition</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Ability to listen</td>
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</tbody>
</table>

Source: developed for this research.

The data collected from Case Study C shows their distribution and promotion elements of the marketing mix to be standardised, with pricing, product and packaging all being differentiated (adapted).
Case Study D: Within-case RQ1

The data collated from Case Study D in relation to Research Question 1 is summarised below. Summary interview comments are categorised under relevant core category codes. A complete record of case study responses is held on file by the researcher with a sample of this data provided in Appendix 16.

Table 4.10 Case Study D Research Question 1 summary

<table>
<thead>
<tr>
<th>Core Category</th>
<th>Sub Category</th>
<th>Case Study D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing Mix</td>
<td>Distribution</td>
<td>• Standardised</td>
</tr>
<tr>
<td></td>
<td>Promotion</td>
<td>• Standardised</td>
</tr>
<tr>
<td>Pricing</td>
<td>• Differentiated</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Client driven</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Comments:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• A range of prices available</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Robust product costing procedures</td>
<td></td>
</tr>
<tr>
<td>Product</td>
<td>• Differentiated (product quality and service as primary differentiator)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Comments:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Country and client driven</td>
<td></td>
</tr>
<tr>
<td>Packaging</td>
<td>• Differentiated</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Client driven</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Rewards of batch processing</td>
<td></td>
</tr>
<tr>
<td>Mixed</td>
<td>• Experienced staff</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Strong customer relationships (multi-level)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Factory is not highly automated</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Flexible production system</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Nimble</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Factory volume and cost trade-off</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• No off-shore sales staff</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Sales process is emotional</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Sense of ownership</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Trust</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Shared values</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Culture – doing basics well</td>
<td></td>
</tr>
</tbody>
</table>

Source: developed for this research.

The data collected from Case Study D shows their distribution and promotion elements of the marketing mix to be standardised, with pricing, product and packaging all being differentiated (adapted).

Research Question 1: Cross-case analysis

Having detailed the individual case study responses under appropriate category headings to interview questions related to Research Question 1, an analysis of the organisational responses within the context of cross-case analysis is presented.
Marketing mix - distribution

All four case study organisations contend that there is limited reported variance with regard to the distribution systems used across each of the nominated export destinations (see Table 4.11). Case Study C makes the specific point that their customer base now requires ‘little and often’ deliveries of single flavour lines of product to their retail stores. This is an in-market distribution requirement: therefore, there is an increased distribution cost structure that negatively affects the final product margin. None of the four case study organisations continues to own product once it arrives into the market place. This is because all case study organisations interviewed sold export product via third party intermediary organisations. As a result, there is little material variance between case study organisations with regard to in-market product distribution systems.

Marketing mix - promotion

All four of the case study organisations claim to have no tailored promotional campaign in operation across their chosen export markets (see Table 4.11). The largest of the case study organisations, Case Study D, cites minimal promotional spend, preferring instead to rely upon its own marketing and sales teams to talk directly with their own customer base within each of their elected export destinations. Case Study C reports it has limited or no control over product promotional campaigns, claiming that it is the in-market retailer who ultimately drives this function. Similarly, Case Study B does not engage in product promotions, leaving this instead to the in-market retailer. Case Study B is the only participating case study to claim regular participation at food fairs as a further generic form of promotion. Case Study A references their product promotions as being ‘fairly standard’. However, this same organisation admits that a tailor-made promotional campaign catering for differing markets would be more successful than a pure generic spend. They further add that promotional decisions always come down to cost, in combination with the reality that various markets have products with differing life-cycles, thus making generic campaigns difficult. Despite the deeper insights offered by Case Study A with regard to promotion expenditures, it does appear from interview data gathered, that this
organisation is no more strategic about this monetary outlay than any of the other three case study organisations interviewed.

**Marketing mix - price**

All four case study organisations interviewed reference a variation of price structures across the differing export markets and clients (see Table 4.11). The largest of the four case study organisations, Case Study D, indicates that product pricing is set at a client level rather than at a country level. Furthermore, there is often a spread of prices available in any one market place at any one time. Therefore, they conclude that there is no specific definition of a set price, but rather there is a range of prices available within any market structure at any one time. Similarly, Case Study B cites that product pricing is not specific to the end market destination, but rather it is a function of product mix and volume contracted by the client.

Case Study B, as do all four case study organisations, has a sound understanding of product break-even levels and cost structures, and is therefore able to negotiate pricing levels with clients within a sound financial framework. While Case Study C states that it operates a differentiated pricing structure across various markets, and clients, it also notes it is inherently difficulty to control retail pricing of products across elected markets. Furthermore, the same organisation claims that, even by doubling their promotional spend, the organisation would still have little influence with regard to the final retail price displayed by retailers. In addition to this, Case Study C participants cite that the supplier-retailer relationship is critical, as it appears to have a material impact upon the potential tangible outcomes associated with various pricing and promotional campaigns. Case Study A maintains that price-points across markets are dissimilar, as ultimately it is the retailer who makes the final decision with regard to the final selling price. As in-market retailers are also able to dictate product packaging requirements, they effectively have control of product price points to end consumers. For example, retailers may push for smaller bag sizes with the aim of decreasing price points for consumers.

All case studies attempt to differentiate their products from those of competitors (see Table 4.11). In addition to this, and somewhat contradictorily, all four case study organisations refer to the factory efficiency benefits associated with having generic
lines of product suitable for multiple export markets. Case study organisations report that multiple lines of smaller production volumes result in lower product margins due to lower factory efficiency levels.

Case Study D refers to country specific import requirements for each generic product range within which the organisation has the ability to differentiate products for specific clients. Therefore, Case Study D not only has differing country requirements for each product range to contend with, but also various customer product variations. Case Study D, as do all four case study organisations, demonstrates the trade-off that exists between tailor-made product and the resulting associated negative impact upon factory efficiency levels. Explicitly, there is a trade-off between product margin and product volume. While greater product margins may be available for tailor-made products, the negative financial offset to this is the greater cost incurred during the manufacturing process.

Case Study D appears to have recognised the significance of internationally-agreed product and quality standards, with this phenomenon being instrumental in allowing other competitor organisations to improve their relative competitive positions. Therefore, the focus for Case Study D is the differentiation of other product attributes, such as product quality and service levels. The management within this organisation state that the design of speciality products for clients starts with the recognition internally of why changes to products are necessary and what, if any, the associated benefits of the changes for the client concerned are.

Similar sentiments for product development are expressed by Case Study C. An organisational culture built around the importance of listening to clients and having a sense of intuition based upon experience is deemed invaluable with regard to ensuring clients receive product that is to their exact specifications. Case Study B also reports that it is the importing country that initially drives the variations regarding product specifications. Beneath this level of product complexity are further demands placed upon the organisation, with regard to client required product attributes.

Clients reportedly all wish for their own unique product, thus providing them with their own point of difference from their own rival competitors. This combination of both country and client product specification requirements has the result of increasing
the number of product lines produced, which if left un-managed can result in increased organisational cost structures. In light of this, Case Study B interview participants state that their ultimate driver is to have minimal product lines, where possible keeping product lines generic across markets and clients. In turn, this strategy approach allows the organisation to keep inventory levels to a minimum.

Case Study A reports that product type and form is driven by the retailer, and notes no current product regulatory impositions by country. It is possible that, as Case Study A primarily exports the majority of their product to Australia, there exists no material difference with regard to New Zealand and Australian food regulations. This scenario potentially allows for single lines of products to be packed for a domestic and export market, allowing the organisation to focus solely on those product attributes required by retailer clients.

**Marketing mix - packaging**

All four case study organisations allow their clients to influence, but not impose, product packaging requirements (see Table 4.11). Case Study A states that the pack size is the primary differentiator of packaging, with interview participants further commenting that product flavours are essentially the same. Therefore, packaging is seen as a key differentiator and contributor to the number of product lines under production at any one time. Similarly, Case Study B participants reference the obvious advantages associated with singular packaging lines and the resulting lower per unit cost of production, i.e. larger production runs can result in greater economies of scale.

Despite these obvious financial rewards associated with economies of scale production, Case Study B prefers the balanced option of also including production line flexibility. Similarly, Case Study A infers that, while the constant changing of production runs to cater for differing packaging results in higher factory production costs, this is still the preferred manufacturing option. One participant within Case Study A stated that:

> If your packaging is not standardised then you are faced with higher factory costs whenever you change production runs. This is a constant problem for
us as customers continually request tailor-made products, which requires different packaging (see Appendix 13, ID 1019).

Case Study D makes a number of parallel statements regarding the rewards associated with producing multiple lines of product with non-generic packaging. The same organisational interview participants are able cite the benefits associated with the constant repetition of batch processing of product lines. There is an organisational belief that the movement away from larger production runs of generic products will ultimately provide incremental margins. Incremental margins are available via the mechanism of being able to extract higher product prices from paying clients who, in turn, obtain the benefit of receiving products considered unique. There is recognition, however, that there are financial measurement difficulties in relation to the demonstration that higher product margins are being derived from this process.

**Mixed**

Case Study A believes that a strong contributor to their hybrid success is the work ethic of their factory staff (see Table 4.11). Factory staff are seen to provide the organisation with a flexible and nimble competitive advantage over rival competitors. In addition to this, a strong customer relationship is regarded as critical to the ongoing success of the organisation. All case study organisations express similar sentiments but use different terminologies to convey such ideas. In addition to this, Case Study C participants acknowledge that staff experience and intuition have a significant and positive impact on factory efficiency levels.

Case Study D notes the importance of product attributes (quality and brand). To aid in the delivery of these product attributes, the organisation has opted for a ‘batch’ processing manufacturing system, rather than the more common and traditional ‘continuous’ system. A participant within Case Study D stated that:

> So it’s recipe manufacturing. It’s literally batch by batch get it right every time. So the shift in our manufacturing processes is from continuous to batch processing (see Appendix 13, ID 4025).

This system allows the organisation to tailor-make unique products for individual clients, while at the same time meeting all country attribute requirements. This
process implies reduced economies of scale, owing to the increased number of product lines requiring production. The delivery of the benefits associated with a batch processing system also involves multi-level organisational engagement with clients. Having both sales personnel and technical personnel engage with clients is cited as being extremely effective; however, the major disadvantage of this process is the reality that organisational resources are finite. The organisation does not have the internal resource to treat all customers the same, and therefore, the strategic reality is that there are some customers who will offer a greater return than others, for the same resources employed. This same organisation professes to believe that the sales process involves a great deal of human emotion, as by definition the process incorporates a large human element, as captured in the below statements:

When people tell me that the buying and sales process is not emotional, it’s not true. It absolutely is true (see Appendix 13, ID 4032).

I have a strong view that the human element is the most powerful thing in the sales function (see Appendix 13, ID 4033).

While the other case study organisations do not use the same language to describe the sales process, all make reference to the importance of the supplier and client relationship.

Case studies B and D both reference the importance of ‘trust’, with this aspect permeating not only into their customer relationship but also into their organisational culture. Furthermore, Case Study B makes specific reference to the benefits associated with the willingness of management to listen to members of the factory production team, with the aim of sharing new and innovative ideas. None of the four case study organisations expresses a requirement to place their own sales and marketing resource into the market place. This is despite a number of references to the strategic importance of the customer and client relationship.

The interview process elicits a number of other contributing facets of the business process. All case study organisations cite themselves as having low relative levels of factory automation, flexible production systems, nimble factory and management processes, and a quality product focus. In addition to this, all four organisations
express similar sentiments with regard to the recognition of the volume and cost trade-off required when producing multiple production lines of differentiated products. One responder within Case Study B aptly captures this sentiment by stating that:

Ultimately, the money we would have spent in creating a new production line did not give us a return on investment. It is that same old rule - larger production runs means less costs but less flexibility (see Appendix 13, ID 2034, 2035).

A summary of the organisational responses within the context of Research Question 1 and cross-case analysis is presented in Table 4.11.
<table>
<thead>
<tr>
<th>Core Category</th>
<th>Sub Category</th>
<th>Case Study A</th>
<th>Case Study B</th>
<th>Case Study C</th>
<th>Case Study D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marketing Mix</td>
<td>Distribution</td>
<td>Standardised</td>
<td>Standardised</td>
<td>Standardised</td>
<td>Standardised</td>
</tr>
<tr>
<td></td>
<td>Promotion</td>
<td>Standardised</td>
<td>Standardised</td>
<td>Standardised</td>
<td>Standardised</td>
</tr>
<tr>
<td>Pricing</td>
<td></td>
<td>Differentiated</td>
<td>Differentiated</td>
<td>Differentiated</td>
<td>Differentiated</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Client driven</td>
<td>• Client driven</td>
<td>• Client driven</td>
<td>• Client driven</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Comments:</td>
<td>Comments:</td>
<td>Comments:</td>
<td>Comments:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Retailer driven</td>
<td>• Product mix and volume related</td>
<td>• Retailer driven</td>
<td>• Country and client driven</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Robust product costing procedures</td>
<td>• Robust product costing procedures</td>
<td>• Client driven</td>
<td>• Country and client driven</td>
</tr>
<tr>
<td>Product</td>
<td></td>
<td>Differentiated</td>
<td>Differentiated</td>
<td>Differentiated</td>
<td>Differentiated</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Focused on two product types</td>
<td>• (packaging as primary differentiator)</td>
<td>• Client driven</td>
<td>• (product quality and service as primary differentiator)</td>
</tr>
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<td></td>
<td>Comments:</td>
<td>Comments:</td>
<td>Comments:</td>
<td>Comments:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Retailer driven</td>
<td>• Country and retailer driven</td>
<td>• Client driven</td>
<td>• Country and client driven</td>
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<td>Packaging</td>
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<td>Differentiated</td>
<td>Differentiated</td>
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<tr>
<td></td>
<td></td>
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<td>• Client driven</td>
<td>• Client driven</td>
<td>• Client driven</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Pack size as differentiator</td>
<td>• Pack size and form as differentiators</td>
<td>• Client driven</td>
<td>• Rewards of batch processing</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Comments:</td>
<td>Comments:</td>
<td>Comments:</td>
<td>Comments:</td>
</tr>
<tr>
<td></td>
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<td>• Retailer driven</td>
<td>• Retailer driven</td>
<td>• Retailer driven</td>
<td>• Retailer driven</td>
</tr>
<tr>
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<td>Experienced staff</td>
<td>Experienced staff</td>
<td>Experienced staff</td>
<td>Experienced staff</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Strong customer relationships</td>
<td>• Strong customer relations (open and honest communication with clients)</td>
<td>• Strong customer relationships</td>
<td>• Strong customer relationships</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Factory is not highly automated</td>
<td>• Factory is not highly automated</td>
<td>• Factory is not highly automated</td>
<td>• Factory is not highly automated</td>
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<tr>
<td></td>
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<td>• Flexible production system</td>
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<td>• Flexible production system</td>
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</tr>
<tr>
<td></td>
<td></td>
<td>• Nimble</td>
<td>• Nimble</td>
<td>• Nimble</td>
<td>• Nimble</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Factory volume and cost trade-off</td>
<td>• Factory volume and cost trade-off</td>
<td>• Factory volume and cost trade-off</td>
<td>• Factory volume and cost trade-off</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• No off-shore sales staff</td>
<td>• No off-shore sales staff</td>
<td>• No off-shore sales staff</td>
<td>• No off-shore sales staff</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Retailer pressure on product format and form</td>
<td>• Retailer pressure on product format and form</td>
<td>• Retailer pressure on product format and form</td>
<td>• Retailer pressure on product format and form</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Competitor influence on product format</td>
<td>• Competitor influence on product format</td>
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<td>• Competitor influence on product format</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Flexible and nimble workforce with strong work ethic</td>
<td>• Flexible and nimble workforce with strong work ethic</td>
<td>• Flexible and nimble workforce with strong work ethic</td>
<td>• Flexible and nimble workforce with strong work ethic</td>
</tr>
</tbody>
</table>

Source: developed for this research.

The next sections of this chapter will present an analysis of the data collected in relation to Research Question 2.
4.8.2 Research Question 2: How do organisations best balance the higher cost anticipated with differentiation with the lower costs anticipated with cost leadership when successfully integrating hybrid strategies?

Research Question 2: Within-case analysis

Case Study A: Within-case RQ2

The data collated from Case Study A in relation to Research Question 2 is summarised below. Summary interview comments are categorised under relevant core category codes. A complete record of case study responses is held on file by the researcher with a sample of this data provided in Appendix 16.

Table 4.12 Case Study A Research Question 2 summary

<table>
<thead>
<tr>
<th>Core Category</th>
<th>Case Study A</th>
</tr>
</thead>
</table>
| **Organisational culture** | • Low staff turnover  
|                     | • Minimal mixing of management and factory staff  |
| **Cost Control**    | • Known costs for all products  
|                     | • Production flexibility  
|                     | • Factory automation and flexibility trade-off  
|                     | • Factory and management staff product cost and production scheduling knowledge in relation to factory efficiencies  |
| **Business process** | • Experienced managers  
|                     | • A focus on new and innovative processes  
|                     | • Focus on growth  
|                     | • Focus on product quality  |
| **Innovation**      | • Formal new product and innovation process  |

Source: developed for the research.

Within the modified Delphi interview process, each organisation was asked to rate their organisational emphasis as either low, medium or high on each of the below innovation categories (see Table 4.13). Multiple interview participants from Case Study A supplied differing personal opinions with regard to organisational emphasis. The summary table captures these variations by stating the range of answers within each of the innovation categories.
Table 4.13 Summary table of Case Study A on various innovation categories rated as low, medium or high in relation to Research Question 2

<table>
<thead>
<tr>
<th>Innovation category</th>
<th>Case Study A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation [process] differentiation</td>
<td>Medium</td>
</tr>
<tr>
<td>Marketing differentiation</td>
<td>Low</td>
</tr>
<tr>
<td>Quality differentiation</td>
<td>Medium to High</td>
</tr>
<tr>
<td>Service differentiation</td>
<td>Medium</td>
</tr>
<tr>
<td>Low cost</td>
<td>Low to Medium</td>
</tr>
</tbody>
</table>

Source: developed for the research.

Case Study B: Within-case RQ2

The data collated from Case Study B in relation to Research Question 2 is summarised below. Summary interview comments are categorised under relevant core category codes. A complete record of case study responses is held on file by the researcher with a sample of this data provided in Appendix 16.

Table 4.14 Case Study B Research Question 2 summary

<table>
<thead>
<tr>
<th>Core Category</th>
<th>Case Study B</th>
</tr>
</thead>
</table>
| Organisational culture | • Low staff turnover  
                          | • Family aspect  
                          | • Good working relationship with factory staff |  
| Cost Control           | • Known costs for all products (not critical)  
                          | • Production flexibility  
                          | • Factory automation and flexibility trade-off  
                          | • Factory and management staff product cost and production scheduling knowledge in relation to factory efficiencies |  
| Business process       | • Experienced managers  
                          | • Focus on product quality and marketing service levels |  
| Innovation             | • Informal product and innovation process |  

Source: developed for the research.

Within the modified Delphi interview process, each organisation was asked to rate their organisational emphasis as either low, medium or high on each of the below innovation categories (see Table 4.15). Multiple interview participants from Case Study B supplied differing personal opinions with regard to organisational emphasis. The summary table captures these variations by stating the range of answers within each of the innovation categories.
Table 4.15 Summary table of Case Study B on various innovation categories rated as low, medium or high in relation to Research Question 2

<table>
<thead>
<tr>
<th>Innovation category</th>
<th>Case Study B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation [process] differentiation</td>
<td>Medium to High</td>
</tr>
<tr>
<td>Marketing differentiation</td>
<td>Medium to High</td>
</tr>
<tr>
<td>Quality differentiation</td>
<td>Medium to High</td>
</tr>
<tr>
<td>Service differentiation</td>
<td>High</td>
</tr>
<tr>
<td>Low cost</td>
<td>Low to Medium</td>
</tr>
</tbody>
</table>

Source: developed for the research.

Case Study C: Within-case RQ2

The data collated from Case Study C in relation to Research Question 2 is summarised below. Summary interview comments are categorised under relevant core category codes. A complete record of case study responses is held on file by the researcher with a sample of this data provided in Appendix 16.

Table 4.16 Case Study C Research Question 2 summary

<table>
<thead>
<tr>
<th>Core Category</th>
<th>Case Study C</th>
</tr>
</thead>
</table>
| Organisational culture | • Low staff turnover  
                          | • Family aspect  
                          | • Minimal mixing of management and factory staff |
| Cost Control         | • Known costs for all products  
                          | • Production flexibility  
                          | • Factory automation and flexibility trade-off  
                          | • Factory and management staff product cost and production scheduling knowledge in relation to factory efficiencies |
| Business process     | • Experienced managers  
                          | • Scheduling of production  
                          | • Flexibility when dealing with clients  
                          | • Factory utilisation  
                          | • Focus on product quality  
                          | • Low overhead and cost structures |
| Innovation           | • Formal new product and innovation process                                |

Source: developed for the research.

Within the modified Delphi interview process, each organisation was asked to rate their organisational emphasis rated as either low, medium or high on each of the below innovation categories (see Table 4.17). Multiple interview participants from Case Study C supplied differing personal opinions with regard to organisational emphasis. The summary table captures these variations by stating the range of answers within each of the innovation categories.
Chapter Four: Analysis

Table 4.17 Summary table of Case Study C on various innovation categories rated as low, medium or high in relation to Research Question 2

<table>
<thead>
<tr>
<th>Innovation category</th>
<th>Case Study C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation [process] differentiation</td>
<td>Medium</td>
</tr>
<tr>
<td>Marketing differentiation</td>
<td>Low</td>
</tr>
<tr>
<td>Quality differentiation</td>
<td>High</td>
</tr>
<tr>
<td>Service differentiation</td>
<td>High</td>
</tr>
<tr>
<td>Low cost</td>
<td>Medium</td>
</tr>
</tbody>
</table>

*Source: developed for the research.*

**Case Study D: Within-case RQ2**

The data collated from Case Study D in relation to Research Question 2 is summarised below. Summary interview comments are categorised under relevant core category codes. A complete record of case study responses is held on file by the researcher with a sample of this data provided in Appendix 16.

Table 4.18 Case Study D Research Question 2 summary

<table>
<thead>
<tr>
<th>Core Category</th>
<th>Case Study D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organisational culture</td>
<td>• Low staff turnover&lt;br&gt;• Family aspect (pride)</td>
</tr>
<tr>
<td>Cost Control</td>
<td>• Known costs for all products&lt;br&gt;• Production flexibility and nimbleness&lt;br&gt;• Factory and management staff product cost and production scheduling knowledge in relation to factory efficiencies</td>
</tr>
<tr>
<td>Business process</td>
<td>• Experienced managers&lt;br&gt;• Maximisation of product margins&lt;br&gt;• Focus on product quality</td>
</tr>
<tr>
<td>Innovation</td>
<td>• Formal new product and innovation process</td>
</tr>
</tbody>
</table>

*Source: developed for the research.*

Within the modified Delphi interview process, each organisation was asked to rate their organisational emphasis rated as either low, medium or high on each of the below innovation categories (see Table 4.19). Multiple interview participants from Case Study D supplied differing personal opinions with regard to organisational emphasis. The summary table captures these variations by stating the range of answers within each of the innovation categories.
Table 4.19 **Summary table of Case Study D on various innovation categories stated as low, medium or high in relation to Research Question 2**

<table>
<thead>
<tr>
<th>Innovation category</th>
<th>Case Study D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation [process] differentiation</td>
<td>Low to Medium</td>
</tr>
<tr>
<td>Marketing differentiation</td>
<td>Medium</td>
</tr>
<tr>
<td>Quality differentiation</td>
<td>High</td>
</tr>
<tr>
<td>Service differentiation</td>
<td>Medium to High</td>
</tr>
<tr>
<td>Low cost</td>
<td>High</td>
</tr>
</tbody>
</table>

*Source: developed for the research*

Research Question 2: Cross-case analysis

The previous section detailed the individual case study responses under appropriate category headings to interview questions related to Research Question 2. In this section an analysis of the organisational responses within the context of cross-case analysis is presented.

**Organisational culture**

All case study organisations report low staff turnover levels. In addition, three of the four case studies, including the largest organisation (Case Study D), reference the ‘family aspect’ of their organisational culture. Participants from Case Study D also reference the pride of employees in being able to work for the organisation. Both Case Studies A and C allude to the minimal mixing of management and factory staff on a social level, with Case Study A making the specific point that salary and factory staff are ‘quite separate’. Finally, Case Study C refers to the fact, that while there is a family business feeling that permeates the organisation, this concept does not encroach into personal family time (see Table 4.20) i.e. work time and family time are separated.
Cost control

All organisations cite the ability to calculate accurate product cost. However, while Case Study B considers that cost control is important, it is not a critical aspect of their business strategy. One participant within Case Study B captures this phenomenon by stating that:

- It is something we are aware of but not something we put a huge emphasis on (see Appendix 13, I.D. 2051).
- I think it is important to the decisions we make in understanding costs but it’s not highest priority (see Appendix 13, I.D. 2052).

All case studies, either directly or indirectly, note that the product optimisation process is not simply a matter of knowing what additional costs are to be charged or allocated to a specific product, as in many instances there are limits to what clients will pay for within a competitive marketplace.

All case studies note the importance of maintaining production flexibility within the factory environment. Case Study D adds that the ability to maintain factory nimbleness is an important outcome of the production flexibility process. With regard to this, the point is made by case studies A and B that there is a direct trade-off between factory automation and factory flexibility i.e. the greater the automation then the less factory flexibility.

The factory automation and flexibility trade-off discussion is worded slightly differently by Case Studies C and D. These two organisations refer to the debates that occur between the two departments, being sales and marketing, and factory and production. Case Study D aptly words this debate as a ‘discussion between two extremes.’ Sales and marketing staff would, in an ideal world, create as many product specifications as possible. The flipside of this view is that production staff would, in an ideal world, like to produce as few products as possible. For example, participants within Case Study D state:

- Marketing would like as many specifications as they could possibly get.
- Production would probably like as few specifications as they possibly can do.
It’s always finding the balance between those two. At times it can be a difficult relationship but we all know we are all trying to work for the same things (see Appendix 13, I.D. 4057).

Production staff find it hard. They would like as few specifications as possible to make their day easier. It makes their life more difficult to be running 8 products in a week with all the washes and everything like that and what they have to do in between rather than running one straight line through. At the same time they understand we have to do that to get more value out of the business (see Appendix 13, I.D. 4058).

The understanding of where product value exists appears critical. It is evident from interview feedback from all case study organisations that factory and production staff are well aware of the requirements for the effective and efficient factory layout, with regard to optimal product cost outcomes.

The complexity of ensuring efficient batch processing of small lines of production is further complicated by the cash flow requirements built around organisational inventory levels. Case Study D’s summation of this business process is that the organisation is required to ensure that the inefficiencies associated with the starting and stopping of production runs, within the factory manufacturing process, are outweighed by the additional revenues that can be charged for those same products, when they are sold within the market place. One participant within Case Study D aptly captured this business process by stating:

We have to be sure that the assessments around the inefficiencies of starting and stopping different products is outweighed by the value you are achieving at the top end of the curve (see Appendix 13, I.D. 4066).

Case Study D, being the largest of the four case study organisations and, therefore, having the most complex organisational structure, admits that the process of attaining the correct and appropriate balance between differentiated product portfolios and managing the resulting cost structure is a slow learning process. The learning process is slow, as it is a reportedly difficult message to permeate the multiple levels of the organisation. Organisational complexity, as it relates to lower-level management and
staff learning processes, is not an issue with the three smaller case study organisations (see Table 4.20).

**Business process**

All four case study research organisations express differing sentiments with regard to business process. The commonality between all four case study organisations is, however, the drive and focus on product quality (see Table 4.20). There appears to be a common view that product quality should not to be compromised, even when endeavouring to reduce direct product costs. In addition to product quality, Case Study B notes the importance of marketing servicing levels and endeavours to incorporate quality delivery over all levels of their supply chain.

Case Study A recognises the importance of having experienced managers who have drive and focus. The organisation is required by the board of management to focus on growth as a mechanism to aid the reduction of ever-increasing per unit costs.

In addition to the importance of product quality, Case Study C cites the importance of being able to maintain flexibility when dealing with individual clients. Clients regularly change their minds and, therefore, it is important that all levels of the organisation understand this concept. In turn, this understanding is an important contributor to organisational culture. Finally, Case Study C also notes the importance of factory utilisation and the requirement to keep organisational overheads and cost structures to a minimum (see Table 4.20).
Table 4.20 Summary table of cross case analysis for Research Question 2

<table>
<thead>
<tr>
<th>Core Category</th>
<th>Case Study A</th>
<th>Case Study B</th>
<th>Case Study C</th>
<th>Case Study D</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Organisational culture</strong></td>
<td>• Low staff turnover&lt;br&gt;• Minimal mixing of management and factory staff</td>
<td>• Low staff turnover&lt;br&gt;• Family aspect</td>
<td>• Low staff turnover&lt;br&gt;• Minimal mixing of management and factory staff</td>
<td>• Low staff turnover&lt;br&gt;• Family aspect (pride)</td>
</tr>
<tr>
<td><strong>Cost Control</strong></td>
<td>• Known costs for all products&lt;br&gt;• Production flexibility&lt;br&gt;• Factory automation and flexibility trade-off&lt;br&gt;• Factory and management staff product cost and production scheduling knowledge in relation to factory efficiencies</td>
<td>• Known costs for all products (not critical)&lt;br&gt;• Production flexibility&lt;br&gt;• Factory automation and flexibility trade-off&lt;br&gt;• Factory and management staff product cost and production scheduling knowledge in relation to factory efficiencies</td>
<td>• Known costs for all products&lt;br&gt;• Production flexibility&lt;br&gt;• Factory automation and flexibility trade-off&lt;br&gt;• Factory and management staff product cost and production scheduling knowledge in relation to factory efficiencies</td>
<td>• Known costs for all products&lt;br&gt;• Production flexibility and nimbleness&lt;br&gt;• Factory and management staff product cost and production scheduling knowledge in relation to factory efficiencies</td>
</tr>
<tr>
<td><strong>Business process</strong></td>
<td>• Experienced managers&lt;br&gt;• A focus on new and innovative processes&lt;br&gt;• Focus on growth&lt;br&gt;• Focus on product quality</td>
<td>• Experienced managers&lt;br&gt;• Focus on product quality and marketing service levels</td>
<td>• Experienced managers&lt;br&gt;• Scheduling of production&lt;br&gt;• Flexibility when dealing with clients&lt;br&gt;• Factory utilisation&lt;br&gt;• Focus on product quality&lt;br&gt;• Low overhead and cost structures</td>
<td>• Experienced managers&lt;br&gt;• Maximisation of product margins&lt;br&gt;• Focus on product quality</td>
</tr>
<tr>
<td><strong>Innovation</strong></td>
<td>• Formal new product and innovation process</td>
<td>• Informal product and innovation process</td>
<td>• Formal new product and innovation process</td>
<td>• Formal new product and innovation process</td>
</tr>
</tbody>
</table>

*Source: developed for this research.*
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Innovation

All case study organisations profess to have a business process surrounding the development of new products and innovation. Of the four case studies, only Case Study B admits to this process being informal. Evidence suggests that the organisational culture within Case Study B is able to drive this process without the formal constraints imposed by a more structured process. This same organisation perceives itself comparing well to others within the same industry, regarding new product development. Case Study D, the largest of the four case studies, lays claim to the most sophisticated product development and innovation process.

Within the modified Delphi interview process, each organisation was asked to rate their organisational emphasis as either low, medium, or high, on each of the following differentiation innovation categories: process, marketing, quality, service, and low cost (see Table 4.21). Multiple interview participants from each of the case study organisations supplied differing personal opinions with regard to organisational emphasis. The summary table captures these variations by stating the range of answers within each of the categories.

Table 4.21 Summary table of organisational emphasis on various innovation categories rated as low, medium or high

<table>
<thead>
<tr>
<th>Innovation category</th>
<th>Case Study A</th>
<th>Case Study B</th>
<th>Case Study C</th>
<th>Case Study D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Process differentiation</td>
<td>Medium</td>
<td>Medium to High</td>
<td>Medium</td>
<td>Low to Medium</td>
</tr>
<tr>
<td>Marketing differentiation</td>
<td>Low</td>
<td>Medium to High</td>
<td>Low</td>
<td>Medium</td>
</tr>
<tr>
<td>Quality differentiation</td>
<td>Medium to High</td>
<td>Medium to High</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Service differentiation</td>
<td>Medium</td>
<td>High</td>
<td>High</td>
<td>Medium to High</td>
</tr>
<tr>
<td>Low cost differentiation</td>
<td>Low to Medium</td>
<td>Low to Medium</td>
<td>Medium</td>
<td>High</td>
</tr>
</tbody>
</table>

Source: developed for this research.

The only case study to rate their emphasis upon innovation [process] differentiation as ‘High’ was Case Study B. All other case studies rated their focus as ‘Low’ to ‘Medium’. Similarly, Case Study B was the sole organisation to rate their internal
focus on marketing differentiation as ‘High’. All other case studies rated their focus as ‘Low’ to ‘Medium’. All organisations rated the emphasis on quality and service differentiation as either ‘Medium’ or ‘High’. Case Study D, the largest of the four organisations, regarded their innovation emphasis upon low cost as ‘High’ while all remaining case study organisations rated this aspect as ‘Low’ to ‘Medium’.

The next sections of this chapter will present an analysis of the data collected in relation to Research Question 3.
4.8.3 Research Question 3: What factors enable successful organisational performance when integrating hybrid strategies?

Research Question 3: Within-case analysis

**Case Study A: Within-case RQ3**

The data collated from Case Study A in relation to Research Question 3 is summarised below. Summary interview comments are categorised under relevant core category codes. A complete record of case study responses is held on file by the researcher with a sample of this data provided in Appendix 16.

Table 4.22 Case study A Research Question 3 summary

<table>
<thead>
<tr>
<th>Core Category</th>
<th>Case Study A</th>
</tr>
</thead>
</table>
| **Business Strategy** | • Lacks economies of scale  
• Nimble and flexible  
• Quality product offering  
• Experienced management team  
• Low levels of factory automation  
• Niche market  
• Listen and respond to clients  
• No in-market sales function  
• Product category focus |
| **Organisational structure** | • Flat structure  
• No Human Resource department  
• Separate management location issue (within site)  
• Structure facilitates customer product requirements |
| **Organisational culture** | • Feeling of family  
• Sense of pride  
• Low staff turnover  
• Formal mission statement based upon values and behaviours  
• Inclusive leadership style  
• Physical department separation inhibits cultural development |
| **Managerial factors** | • Abundance of managerial experience  
• Annual strategy process (formal)  
• Board meetings (formal)  
• Weekly staff meetings (formal)  
• Annual budgets (formal) |
| **Innovation** | • Focused on product (packaging)  
• Customers demand innovation  
• A reason to talk to customers |
| **Mixed** | • Sound knowledge of cost structure and product cost  
• Higher costs therefore need to be different  
• Strong relationships with buyers and clients |

*Source: developed for this research.*
Chapter Four: Analysis

Case Study B: Within-case RQ3

The data collated from Case Study B in relation to Research Question 3 is summarised below. Summary interview comments are categorised under relevant core category codes. A complete record of case study responses is held on file by the researcher with a sample of this data provided in Appendix 16.

Table 4.23 Case Study B Research Question 3 summary

<table>
<thead>
<tr>
<th>Core Category</th>
<th>Case Study B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Strategy</td>
<td>● Lacks economies of scale&lt;br&gt;● Nimble and flexible&lt;br&gt;● Quality product offering&lt;br&gt;● Experienced management team&lt;br&gt;● Low levels of factory automation&lt;br&gt;● Listen and respond to clients&lt;br&gt;● No in-market sales function&lt;br&gt;● Product category focus&lt;br&gt;● Dominant brand&lt;br&gt;● Vertically integrated&lt;br&gt;● ‘First to be second’</td>
</tr>
<tr>
<td>Organisational structure</td>
<td>● Flat structure&lt;br&gt;● No Human Resource department (consultant)</td>
</tr>
<tr>
<td>Organisational culture</td>
<td>● Feeling of family&lt;br&gt;● Sense of pride&lt;br&gt;● Low staff turnover&lt;br&gt;● Informally developed set of organisational values&lt;br&gt;● No current mission statement&lt;br&gt;● Inclusive leadership style</td>
</tr>
<tr>
<td>Managerial factors</td>
<td>● Abundance of managerial experience&lt;br&gt;● Annual strategy process (informal)&lt;br&gt;● Board meetings (informal)&lt;br&gt;● Weekly staff meetings (informal)&lt;br&gt;● Long-term focused</td>
</tr>
<tr>
<td>Innovation</td>
<td>● Focused on product (packaging)&lt;br&gt;● First to be second</td>
</tr>
<tr>
<td>Mixed</td>
<td>● Sound knowledge of cost structure and product cost&lt;br&gt;● Higher costs therefore need to be different&lt;br&gt;● Strong relationships with buyers and clients</td>
</tr>
</tbody>
</table>

Source: developed for this research.

Case Study C: Within-case RQ3

The data collated from Case Study C in relation to Research Question 3 is summarised below. Summary interview comments are categorised under relevant core
category codes. A complete record of case study responses is held on file by the researcher with a sample of this data provided in Appendix 16.

Table 4.24 Case Study C Research Question 3 summary

<table>
<thead>
<tr>
<th>Core Category</th>
<th>Case Study C</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business Strategy</strong></td>
<td>• Lacks economies of scale</td>
</tr>
<tr>
<td></td>
<td>• Nimble and flexible</td>
</tr>
<tr>
<td></td>
<td>• Quality product offering</td>
</tr>
<tr>
<td></td>
<td>• Experienced management team</td>
</tr>
<tr>
<td></td>
<td>• Low levels of factory automation</td>
</tr>
<tr>
<td></td>
<td>• Niche market</td>
</tr>
<tr>
<td></td>
<td>• Ability to listen to client and match internal factory and staff competences</td>
</tr>
<tr>
<td></td>
<td>• No in-market sales function</td>
</tr>
<tr>
<td></td>
<td>• Product category focus</td>
</tr>
<tr>
<td><strong>Organisational structure</strong></td>
<td>• Flat structure</td>
</tr>
<tr>
<td></td>
<td>• No Human Resource department</td>
</tr>
<tr>
<td></td>
<td>• Separate management location issue (within site)</td>
</tr>
<tr>
<td></td>
<td>• Structure facilitates customer product requirements</td>
</tr>
<tr>
<td><strong>Organisational culture</strong></td>
<td>• Feeling of family</td>
</tr>
<tr>
<td></td>
<td>• Low staff turnover</td>
</tr>
<tr>
<td></td>
<td>• Informally developed set of organisational values</td>
</tr>
<tr>
<td></td>
<td>• No current mission statement</td>
</tr>
<tr>
<td></td>
<td>• Inclusive leadership style</td>
</tr>
<tr>
<td><strong>Managerial factors</strong></td>
<td>• Abundance of managerial experience</td>
</tr>
<tr>
<td></td>
<td>• No annual strategy process</td>
</tr>
<tr>
<td></td>
<td>• No board meetings</td>
</tr>
<tr>
<td></td>
<td>• Weekly staff meetings (formal)</td>
</tr>
<tr>
<td></td>
<td>• Long-term focused</td>
</tr>
<tr>
<td></td>
<td>• Staff treated as adults</td>
</tr>
<tr>
<td><strong>Innovation</strong></td>
<td>• Focused on product (packaging)</td>
</tr>
<tr>
<td></td>
<td>• Heavily influenced by customer</td>
</tr>
<tr>
<td><strong>Mixed</strong></td>
<td>• Sound knowledge of cost structure and product cost</td>
</tr>
<tr>
<td></td>
<td>• Higher costs therefore need to be different</td>
</tr>
<tr>
<td></td>
<td>• Strong relationships with buyers and clients</td>
</tr>
</tbody>
</table>

Source: developed for this research.

Case Study D: Within-case RQ3

The data collated from Case Study D in relation to Research Question 3 is summarised below. Summary interview comments are categorised under relevant core category codes. A complete record of case study responses is held on file by the researcher with a sample of this data provided in Appendix 16.
Table 4.25 Case Study D Research Question 3 summary

<table>
<thead>
<tr>
<th>Core Category</th>
<th>Case Study D</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business Strategy</strong></td>
<td>• Lacks economies of scale</td>
</tr>
<tr>
<td></td>
<td>• Nimble and flexible</td>
</tr>
<tr>
<td></td>
<td>• Quality product offering</td>
</tr>
<tr>
<td></td>
<td>• Experienced management team</td>
</tr>
<tr>
<td></td>
<td>• Low levels of factory automation (lacks resources of larger competitors)</td>
</tr>
<tr>
<td></td>
<td>• Niche market</td>
</tr>
<tr>
<td></td>
<td>• Listen and respond to clients</td>
</tr>
<tr>
<td></td>
<td>• Superior after-sales service and flexibility</td>
</tr>
<tr>
<td></td>
<td>• No in-market sales function</td>
</tr>
<tr>
<td><strong>Organisational structure</strong></td>
<td>• Flat structure</td>
</tr>
<tr>
<td></td>
<td>• Human Resource department</td>
</tr>
<tr>
<td></td>
<td>• Separate management location issue (between sites)</td>
</tr>
<tr>
<td></td>
<td>• Structure facilitates nimbleness and flexibility</td>
</tr>
<tr>
<td><strong>Organisational culture</strong></td>
<td>• Feeling of family</td>
</tr>
<tr>
<td></td>
<td>• Sense of pride</td>
</tr>
<tr>
<td></td>
<td>• Low staff turnover</td>
</tr>
<tr>
<td></td>
<td>• Formal values (behaviours) and mission statement</td>
</tr>
<tr>
<td></td>
<td>• Inclusive leadership style</td>
</tr>
<tr>
<td><strong>Managerial factors</strong></td>
<td>• Abundance of managerial experience</td>
</tr>
<tr>
<td></td>
<td>• Annual strategy process (formal)</td>
</tr>
<tr>
<td></td>
<td>• Board meetings (formal)</td>
</tr>
<tr>
<td></td>
<td>• Weekly staff meetings (formal)</td>
</tr>
<tr>
<td></td>
<td>• Annual budgets (formal)</td>
</tr>
<tr>
<td><strong>Innovation</strong></td>
<td>• Focused on product (packaging), cost and business</td>
</tr>
<tr>
<td></td>
<td>• Formal financial innovation measurement process</td>
</tr>
<tr>
<td><strong>Mixed</strong></td>
<td>• Sound knowledge of cost structure and product cost</td>
</tr>
<tr>
<td></td>
<td>• Higher costs therefore need to be different</td>
</tr>
<tr>
<td></td>
<td>• Strong relationships with buyers and clients</td>
</tr>
</tbody>
</table>

Source: developed for this research.

Research Question 3: Cross-case analysis

The previous section detailed the individual case study responses under appropriate category headings to interview questions related to Research Question 3. This section discusses the organisational responses within the context of cross-case analysis. A summary of the cross-case analysis is shown in Table 4.26.

**Business strategy**

All four case study organisations cite the lack of economies of scale within their manufacturing processes. There is recognition by all research organisations that larger
competitors have inherent cost advantages due to their greater economies of scale. A participant, within Case Study B, articulates this disadvantage by stating that:

It would not be easy for others to follow a low cost differentiated strategy as it’s not just about cost. It is important to have all aspects working well also. Cost is very important but not at the expense of brand, product, quality, best practice and factory operators. Lower automation, which aids our factory flexibility, does however increase our unit costs (see Appendix 13, I.D. 2157).

Therefore, in order to capture appropriate product margins, case study organisations acknowledge the requirement to provide higher quality products and service levels than their competitors.

All case study organisations refer to their ability to be ‘nimble and flexible’ as a necessary strategic requirement and as a mechanism for combating their economies of scale disadvantages. For example, one participant within Case Study C stated:

So when someone comes to work here today they might be making product ‘A’, tomorrow they could be making product 'B' for export and on Friday they could be making product 'C' for export. It changes all the time, so there isn’t a constant model. We are different in that sense. The factory therefore has to be flexible and nimble (see Appendix 13, I.D. 3098).

The ability to retain factory efficiencies when reacting to changing customer orders and timeliness is essential. Furthermore, Case Study D notes that, while there is an ongoing internal focus on cost reduction, competitors with larger factories, and consequently greater economies of scale, will always hold a cost advantage. This argument is reinforced by the innovation focus shown by each of the four case study organisations, i.e. Case Study D, the largest of the four case study organisations, claims the greatest innovation focus on low-cost differentiation, in comparison to the other three comparatively smaller case study organisations (see Table 4.21).

All organisations reference the lower levels of automation that exist within their factory environments. Case Study D is able to qualify this point further by stating that their larger competitors have greater financial resources and have the ability to
capture greater economies of scale. This leads to a higher per unit cost structure for Case Study D, compared to their larger competitors.

All four case studies noted the importance of being able to listen to client requests and consequently being able to provide suitable product solutions. Case Study C aptly phrases this capability to meet client requirements, as being derived from an ‘ability to listen to client requirements and then match these requirements to both factory and staff competency levels.’ In addition, Case Study D refers directly to their requirement to offer superior after-sales service and the flexibility to meet specific customer product requirements as being key business strategies that cannot be rivalled by larger competitors. This last point is reinforced by the strategic innovation focus shown by each of the four case studies (see Table 4.21).

Case Study B is the only case study organisation to claim competitive advantage benefits associated with vertical integration. This competitive advantage is derived from having ownership of the majority of its raw material supply. Few competitors of Case Study B have any control or ownership of raw material supply and consequently rely upon open market raw material product purchases.

This vertical integration does not extend through into the market place, with Case Study B opting to make use of in-market wholesalers and agents for the product-selling process. No case studies selected for this research project made any use of an in-market office sales function, preferring instead to opt for third party in-market agents and wholesalers.

All organisations offer a quality product to clients as an integral part of their business strategy (see also Table 4.21). Product quality is not compromised, even when faced with the necessity to reduce organisational overheads or direct product costs. For example, one responder within Case Study B stated:

We have consistent quality. Really important! So if you buy it this year you know you are going to get the same quality as last year and the same quality next year (see Appendix 13, I.D. 2125).

In addition to this, all case studies cite the importance of an experienced, closely united management team. The importance of an experienced management team that
understands the requirements to produce a quality product with high levels of service is an essential component of financial success.

In relation to organisational success, it appears that the physical location of management staff is not a contributing factor. However, Case Studies A, C and D reference the desire to have all management staff on the same physical location and, if possible, within close proximity to each other. Case Study A makes the specific point that their organisation’s physical separation of functional departments is a powerful enough force that it is thought to inhibit organisational cultural development. In addition, there appears no doubt amongst all four case study organisations that management staff separation does negatively influence internal communication. While Case Study D has the larger problematic issue of a separate geographic location of its sales and marketing team, Case Studies A and C are faced with physical management separation on the same site. Potentially, the inference could be drawn that organisational performance may be further improved by having all management staff located not only on the one site, but also within close physical proximity, as this appears to be a clear case study preference.

Case Study B admits to openly striving to have the ‘dominant brand’ in the product category it operates within. Two other Case Studies, A and C, also make a direct reference to having a product category focus. The interview process was able to elicit a clear message from all four case study organisations that they consider strategic clarity regarding product category an essential ingredient to financial success. Case Study A makes the point that often supermarket buyers are not aware of product differences: and therefore, the onus is always on the supplier to provide clear, concise rationales regarding product points of difference. Furthermore, without a clearly defined product category, organisations can be placed at a disadvantage, due to ill-informed supermarket buyer decisions to place products into incorrect supermarket aisles. Often, this issue is compounded due to inappropriate product packaging for the category display.

**Organisational structure**

Organisational hierarchal structures are considered ‘flat’ by all participating case study organisations. Additionally, Case Study D makes the point that the small nature
of their organisation in comparison to competitors offers them a direct competitive advantage by allowing the delivery of nimble and flexible internal and external communication. For example, respondents within Case Study D cite that:

Our structure is a massive bonus for our customers because we have a flatter structure and we are smaller, flatter than say our largest competitor (see Appendix 13, I.D. 4102).

Our customers can get a direct lead to the people they need to without multi levels of bureaucracy (see Appendix 13, I.D. 4103).

Similarly, Case Studies A and C cite that their structure is ‘perfect’ for the type of organisation they operate, as it directly assists in meeting their customer requirements with regard to a tailored, timely product delivery.

Each of the four case study organisations operates a unique form of Human Resource policy. Of the four interviewed organisations, only Case Study D operates a fully operational in-house Human Resource department. Case Studies A, B and C utilise the skill-sets of other department managers for human resource functions, with Case Study B making the additional use of an outside human resource consultant, if and when the need arises.

**Organisational culture**

Organisational culture appears to be of major importance to ongoing organisational success. All case study organisations reference the ‘family’ aspect of their culture. In addition, three of the four case studies refer to a ‘sense of pride’ being evident within each of their organisations. The combination of strong organisational values, coupled with a workforce that is dedicated and proud to produce a high quality product, appears to construct a compelling commercial proposition. All organisations have a low staff turnover rate, something they all believe is linked to their strong organisational culture. As noted by Case Study A, low staff turnovers result in lower staff training costs and facilitate the building of long-term intellectual knowledge.

Of the four organisations interviewed, only Case Studies A and D demonstrated a formally scribed set of values and mission statement. Despite the formally scribed
value set, Case Study A, articulated that their culture ‘just sort of happens.’ There is no formal attempt made to influence organisational culture through contrived formal social interactions between staff. In addition to this, Case Study A made the decision some years ago to have a culture driven by behavioural values, rather than the traditional brand-type values. Similarly, Case Study D notes that their organisational culture is influenced by the fact that the staff work together and live in close proximity. Living and working in a small community has the result that the members of the community often know each other well and know the happenings of the society. Anonymity is a rarity. Any poor performance or failures are subsequently known not only in the work environment, but also in the home and social environment. This creates a pertinent consciousness of performance, and a powerful motivator to avoid failure. Consequently, it has a strong influence on organisational culture. Although Case Studies B and C had no formally scribed values or mission statements, they both claim strong organisational cultures. Both these organisations state their existing management structure and culture provides flexibility and timely decision-making with minimal bureaucracy.

Case study evidence suggests that all four organisations claim an inclusive leadership style. All management levels are expected to participate within the decision-making process. Case Study D, the largest of the four organisations, and with consequently the more complex organisational structure, cites a traditional hierarchal flow of communication down through to the business departments. Despite this, managers are expected to contribute to the decision-making process, thus helping create a culture of engagement via a sense of managerial empowerment.

**Managerial factors**

The combination of strong organisational cultures with low staff and managerial turnover, create situations where all four case study organisations can aptly demonstrate an abundance of management experience. In circumstances where experienced management teams have clear commercial visions combined with an organisational culture of empowerment, one could expect a strong correlation with future organisational high performance. Case Study C makes the additional point that their staff are all treated like adults. Staff are tasked with a function and empowered to
‘get on with it.’ There is the belief that this additional responsibility brings an added sense of accountability.

Three of the case study organisations report the use of formal weekly staff meetings. It appears, from participant feedback, that the inclusive nature of these meetings is essential in order to attain the high level of communication flows necessary for the smooth running of a food manufacturing and exporting organisation. The fourth organisation, Case Study B, also has weekly staff meetings, although admits these tend to be on an informal basis.

Two of the participating case study organisations, A and D, undertake a formal annual strategy process. Notably, Case Study C has no annual strategy process, with Case Study B preferring to undertake their strategy planning in a more informal environment. Similarly, there is a wide mix of management and board of director communication undertaken by each of the four case study organisations. At the one extreme, Case Studies A and D report a formal board-reporting process, while at the other extreme, Case Study C states that they have no official designated board of directors. The family-owned Case Study B is different again, opting for a more informal management and board of director relationship, meeting only when required.

Case Studies B and C alluded to a ‘long-term focus’ regarding organisational strategy. Both organisations cited the importance of having the responsibility of future staff employment to consider, in addition to the commercial necessity that all organisational decisions must revolve around what is best for the organisation in the long term. Therefore, expedient attractive short-term production decisions were not considered.

Innovation

Innovation across all four case study organisations is focused primarily on quality and service differentiation (see Table 4.21). Additional resources are also focused on product and packaging innovation. Case Study D has placed further resources into the development of cost reduction and business innovation. This organisation is also the only case study to operate a formal measurement process of the benefits captured by innovation.
There is an associated acknowledgment, from this same organisation, of the difficulty in ensuring that new innovative product ideas contribute margins over and above standard product lines. For example, one participant within Case Study D states:

Innovation is something you need to keep track of because any number of studies you look at will show you it isn’t about the money that you spend it’s what you get out that’s important. It is about how you target the spending of that money which means how much benefit you get out of it and we track the percentage of it and the amount of revenue we get from the products as much as possible (see Appendix 13, I.D. 4114).

All case study organisations explicitly express the importance of innovation and the significance of this function as a contributor to the continued financial success of the organisation. Similarly, all organisations profess that it is the customer who is the driver of innovation, and in the words of Case Study A, ‘customers demand innovation’ with it being a ‘reason to talk to them [customers].’

As with all leading-edge innovation, there are associated financial and business risks surrounding the aspects of an incorrectly applied innovation process. To this end, Case Study B prefers the more conservative approach of being ‘first to be second’, rather than being first into a new concept, only to find numerous product and manufacturing difficulties.

**Mixed**

All case studies recognise that each of their cost structures is higher than that of their competitors. Therefore, their business strategy demands of them that they are able to provide to their client base a genuine point of difference over rival supplying competitors. It is necessary that this point of difference is able to provide a higher transaction margin, in order that the higher organisational cost structure can be mitigated. As a consequence, each case study has a sound knowledge of their internal cost structures and product cost calculations. Finally, all case study organisations, state the ability to provide a product point of difference, is strongly correlated with the ability to generate strong buyer and client relationships. This, they believe, is an essential ingredient to ongoing financial success.
### Table 4.26 Summary table of cross-case analysis for Research Question 3

<table>
<thead>
<tr>
<th>Core Category</th>
<th>Case Study A</th>
<th>Case Study B</th>
<th>Case Study C</th>
<th>Case Study D</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business Strategy</strong></td>
<td>• Lacks economies of scale</td>
<td>• Lacks economies of scale</td>
<td>• Lacks economies of scale</td>
<td>• Lacks economies of scale</td>
</tr>
<tr>
<td></td>
<td>• Nimble and flexible</td>
<td>• Nimble and flexible</td>
<td>• Nimble and flexible</td>
<td>• Nimble and flexible</td>
</tr>
<tr>
<td></td>
<td>• Quality product offering</td>
<td>• Quality product offering</td>
<td>• Quality product offering</td>
<td>• Quality product offering</td>
</tr>
<tr>
<td></td>
<td>• Experienced management team</td>
<td>• Experienced management team</td>
<td>• Experienced management team</td>
<td>• Experienced management team</td>
</tr>
<tr>
<td></td>
<td>• Low levels of factory automation</td>
<td>• Low levels of factory automation</td>
<td>• Low levels of factory automation</td>
<td>• Low levels of factory automation</td>
</tr>
<tr>
<td></td>
<td>• Niche market</td>
<td>• Listen and respond to clients</td>
<td>• Niche market</td>
<td>• Niche market</td>
</tr>
<tr>
<td></td>
<td>• Listen and respond to clients</td>
<td>• Listen and respond to clients</td>
<td>• Ability to listen to client and match internal factory and staff competences</td>
<td>• Listen and respond to clients</td>
</tr>
<tr>
<td></td>
<td>• No in-market sales function</td>
<td>• No in-market sales function</td>
<td>• No in-market sales function</td>
<td>• Superior after-sales service and flexibility</td>
</tr>
<tr>
<td></td>
<td>• Product category focus</td>
<td>• Product category focus</td>
<td>• Product category focus</td>
<td>• No in-market sales function</td>
</tr>
<tr>
<td></td>
<td>• Dominant brand</td>
<td>• Vertically integrated</td>
<td>• ‘First to be second’</td>
<td>• ‘First to be second’</td>
</tr>
<tr>
<td></td>
<td>• Vertically integrated</td>
<td>• Separately located management location issue (within site)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Structure facilitates customer product requirements</td>
<td>• Structure facilitates customer product requirements</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Organisational structure</strong></td>
<td>• Flat structure</td>
<td>• Flat structure</td>
<td>• Flat structure</td>
<td>• Flat structure</td>
</tr>
<tr>
<td></td>
<td>• No Human Resource department</td>
<td>• No Human Resource department</td>
<td>• No Human Resource department</td>
<td>• Human Resource department</td>
</tr>
<tr>
<td></td>
<td>• Separate management location issue (within site)</td>
<td>• Separate management location issue (within site)</td>
<td>• Separate management location issue (within site)</td>
<td>• Separate management location issue (between sites)</td>
</tr>
<tr>
<td></td>
<td>• Structure facilitates customer product requirements</td>
<td>• Structure facilitates customer product requirements</td>
<td>• Structure facilitates customer product requirements</td>
<td>• Structure facilitates nimbleness and flexibility</td>
</tr>
<tr>
<td><strong>Organisational culture</strong></td>
<td>• Feeling of family</td>
<td>• Feeling of family</td>
<td>• Feeling of family</td>
<td>• Feeling of family</td>
</tr>
<tr>
<td></td>
<td>• Sense of pride</td>
<td>• Sense of pride</td>
<td>• Sense of pride</td>
<td>• Sense of pride</td>
</tr>
</tbody>
</table>
### Core Category
- Low staff turnover
- Formal mission statement based upon values and behaviours
- Inclusive leadership style
- Physical department separation inhibits cultural development

### Case Study A
- Abundance of managerial experience
- Annual strategy process (formal)
- Board meetings (formal)
- Weekly staff meetings (formal)
- Annual budgets (formal)

### Case Study B
- Abundance of managerial experience
- Annual strategy process (informal)
- Board meetings (informal)
- Weekly staff meetings (informal)
- Long-term focused

### Case Study C
- Abundance of managerial experience
- No annual strategy process
- No board meetings
- Weekly staff meetings (formal)
- Long-term focused
- Staff treated as adults

### Case Study D
- Abundance of managerial experience
- Annual strategy process (formal)
- Board meetings (formal)
- Weekly staff meetings (formal)
- Annual budgets (formal)

### Managerial factors
- Sound knowledge of cost structure and product cost
- Higher costs therefore need to be different

### Innovation
- Focused on product (packaging)
- Customers demand innovation
- A reason to talk to customers
- Focused on product (packaging)
- First to be second
- Focused on product (packaging)
- Heavily influenced by customer
- Sound knowledge of cost structure and product cost
- Higher costs therefore need to be different
- Sound knowledge of cost structure and product cost
- Higher costs therefore need to be different

### Mixed
- Focused on product (packaging)
- Sound knowledge of cost structure and product cost
- Higher costs therefore need to be different
- Sound knowledge of cost structure and product cost
- Higher costs therefore need to be different
### Chapter Four: Analysis

<table>
<thead>
<tr>
<th>Core Category</th>
<th>Case Study A</th>
<th>Case Study B</th>
<th>Case Study C</th>
<th>Case Study D</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Strong relationships with buyers and clients</td>
<td>• Strong relationships with buyers and clients</td>
<td>• Strong relationships with buyers and clients</td>
<td>• Strong relationships with buyers and clients</td>
</tr>
</tbody>
</table>

*Source: developed for this research.*

#### 4.9 Conclusions

In this chapter, the data collated from each of the four purposively selected case study organisations has been presented. The data, after being coded to a number of associated core categories, has been presented under each of the three research questions. A separate cross-case review has also been presented for each of the three research questions.

The next chapter, Chapter 5, presents the conclusions drawn from the analysis undertaken in Chapter 4.
Chapter 5 : Conclusions and Implications

5.1 Introduction

Chapter 5 is the final chapter of the thesis in which findings and conclusions to the research are presented. Each of the three research questions is considered separately, whereby for each question the results of the data analysis are compared with the literature review, and conclusions are drawn.

The chapter is divided into six sections (see also Figure 5.1).

- Introduction (Section 5.1)
- Findings and conclusions relating to each research question (Section 5.2)
- Implications of the research (Section 5.3)
- Limitations of the research (Section 5.4)
- Further research (Section 5.5)
- Conclusions (Section 5.6)
### Figure 5.1 Structure of Chapter 5

<table>
<thead>
<tr>
<th>Introduction (5.1)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Findings and conclusions relating to each research question (5.2)</td>
</tr>
<tr>
<td>• 5.2.1 RQ1 Research findings</td>
</tr>
<tr>
<td>• 5.2.2 RQ1 Research conclusions</td>
</tr>
<tr>
<td>• 5.2.3 RQ2 Research findings</td>
</tr>
<tr>
<td>• 5.2.4 RQ2 Research conclusions</td>
</tr>
<tr>
<td>• 5.2.5 RQ3 Research findings</td>
</tr>
<tr>
<td>• 5.2.6 RQ3 Research conclusions</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Implications of the research (5.3)</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Limitations of the research (5.4)</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Further research (5.5)</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Conclusions (5.6)</td>
</tr>
</tbody>
</table>

*Source: developed for this research.*
5.2 Findings and conclusions relating to each research question

The three research questions for this thesis are:

- What impact does the application of hybrid strategies have upon the standardisation of the marketing mix and why is this the case? (RQ1);
- How do organisations best balance the higher cost anticipated with differentiation with the lower costs anticipated with cost leadership when successfully integrating hybrid strategies? (RQ2);
- What factors enable successful organisational performance when integrating hybrid strategies? (RQ3)

**Research Question 1: What impact does the application of hybrid strategies have upon the standardisation of the marketing mix and why is this the case?**

5.2.1 RQ1 Research findings

The research findings for RQ1, regarding the standardisation/adaptation of elements of the marketing mix, are each presented separately under headings for each element of the marketing mix, including: promotion, pricing, product, packaging and distribution. A summary of the data generated from each of the four case study organisations, with regard to the levels of standardisation/adaptation of elements of the marketing mix, is presented in Appendix table 2 (see Appendix 15).

In addition, some data relating to RQ1 was collated in exploration of other research questions. These are presented in Appendix tables 3 and 4 (see Appendix 15). Appendix table 3 summarises the analysis relevant to RQ1, which was, however, collated during interviews concerning RQ2. Similarly, Appendix table 4 summarises the analysis relevant to RQ1, which was, however, collated during interviews concerning RQ3 (see Appendix 15).

**RQ1 research findings - promotion**

Within the research interview process, the definition understood by research participants of promotional standardisation was the degree to which the promotion program (advertising, creative/execution style, message/theme, media allocation, sales
promotion, sales force structure/management, sales force role, personal selling, and advertising/promotional budget) differs across national boundaries. This definition of promotion is similar to that used by Lages, Abrantes and Lages (2008, p. 590). The alteration to the definition enables a more accurate reflection of the local New Zealand export environment; specifically, the small nature of the New Zealand domestic market. In accordance with this definition, all four case study organisations openly demonstrated a standardised approach to promotional standardisation (see Appendix table 2).

These findings are contrary to much of the recent research literature, which suggests that adapting promotional elements to specific markets shows a strong positive relationship with organisational performance (Leonidou, Katsikeas & Samiee 2002; Tsai & Shih 2004). Other research has also shown mixed results, with researchers who are only able to find partial acceptance that adaptation of the promotional mix is influential upon organisational performance (Hise & Choi 2011; Theodosiou & Leonidou 2003). Therefore, the finding of this research supports Cavusgil and Zou (1994), who demonstrated that enhanced organisational performance does not result from adaptation of promotional strategy.

All case study organisations were clear in their view that organisational promotions were generic in nature. One organisation, however, stated that promotional campaigns were difficult to align correctly across markets. In addition, the largest of the four case study organisations claimed that their promotional spend was minimal, preferring instead to utilise their own in-market sales staff to talk directly to their customer base. Therefore, while participants acknowledged some minor deficiencies associated with standardised promotions, it appears that the improved organisational performance that could potentially result from an adapted promotion spend would not cover the additional expense required.

Previous research has demonstrated that promotional intensity shows a significant positive relationship to competition intensity, suggesting that adaptation requirements are necessary to provide competitive advantage (Cavusgil, Zou & Naidu 1993). While this case study research has not attempted to quantify competition intensity objectively, there is sufficient anecdotal and subjective material from each of the case
study organisations demonstrating that each operates within a highly competitive environment. Therefore, this research lends support for a contrary view that adapted promotion is not a prerequisite for successful organisational performance within the New Zealand export food sector.

All case study organisations claimed to have experienced management teams (see Appendix table 4). Prior research has demonstrated that organisations with greater international business experience (IBE) are more likely to demonstrate greater levels of promotional adaptation (Cavusgil, Zou & Naidu 1993; Lages & Montgomery 2004). Omar and Porter (2011) suggest a contrary position, by finding that organisations with greater IBE are more likely to pursue a standardised blend of marketing mix elements. The same authors go on to propose that the overall understanding of the export marketplace by managers is potentially a better construct than simple longevity in the managerial role. Similarly, it is found that standardisation of promotional campaigns can aid those organisations with high levels of IBE (Chung, Wang & Huang 2012). The results of this case study research appear to lend support to both Omar and Porter (2011) and Chung, Wang and Huang (2012), as all case study organisations made use of standardised promotional campaigns while having the benefits associated with experienced management teams.

While there appears support from this research for the linkage associating business experience and standardised promotion strategy, the research is unable to provide a logical explanation for this correlation. On the one hand, an experienced management team acknowledges that in some instances an adapted promotional strategy may be beneficial. However, the cost associated with such a strategy appears difficult to justify. On the other hand, it appears in all cases that, due to the type of product involved and the distribution channels associated with the sale of the food products, the use of an adapted promotional campaign would not improve organisational performance.

As a potential explanation of the lack of promotional adaptation, no case study selected for this research operated their own in-market sales offices (see Appendix table 4). In addition to this, no case study claimed to operate a direct business-to-consumer selling strategy, as each organisation placed product into the differing
marketplaces utilising a business-to-business sales model. The implication is that three of the four selected case study organisations considered that their business strategy did not align itself with adapted promotion. Any promotional spend was the responsibility of the on-selling organisations within each of the export markets concerned. As previously mentioned, one case study organisation did profess to operating a form of in-market promotional strategy. Despite making use of a standardised promotion strategy, this same organisation further acknowledged that a tailor-made promotional campaign would likely be more successful than the existing generic campaign. Somewhat contrapdictorily, organisational participants agreed that the increased cost of any adapted promotional campaign would negate much of the potential promotional benefit.

Earlier research undertaken by Chung (2007) argued that promotional efforts by an organisation are influenced by the culture existing within the chosen export markets. Contrary to this, Omar and Porter (2011) found that cultural differences have no impact upon the degree of standardisation. Therefore, this research appears to enrich the findings of Omar and Porter (2011), as all case study organisations cite standardised promotions across all of their chosen export and domestic markets.

Corporate-orientated organisations have been found to have a greater degree of standardisation of promotional elements compared to the standardisation of product, price, or distribution aspects of the marketing mix (Akaah 1991). This case study research lends partial support to Akaah (1991), as the largest of the case study organisations demonstrated standardised promotion and distribution, in conjunction with adapted pricing and product elements of the marketing mix.

There is research evidence to suggest that ‘country of origin’ is an important aspect in the subliminal promotional message imparted to both importing wholesalers, and commission agents. Two case study organisations reported the importance of the generic higher-level ‘New Zealand’ brand (see Appendix table 2). Therefore, this case study research appears to expand upon existing literature by Morgan and Sarris (1991), who found that successful international organisations were able to leverage country of origin cues within promotional material. Contrary to the research by the same authors, one organisation noted that country of origin cues may act more as a
promotional hindrance if an export organisation is operating within the more localised and demographically close marketplace of Australia.

**RQ1 research findings - pricing**

According to Lages, Abrantes and Lages (2008), pricing standardisation can be defined as ‘the degree to which the pricing strategy (retail price, wholesale/trade price, profit margins to trade customers, profit margins to end-users, discounts, and sales/credit terms) for a product differs across national boundaries’ (Lages, Abrantes & Lages 2008, p. 590).

Accordingly, all four case study organisations claimed a differentiated (adapted) pricing strategy across international markets (see Appendix table 2). In addition, all four organisations claimed that, within any price negotiation it is the client who has the ultimate say with regard to the agreed final price (see Appendix table 2). The case study findings appear to extend existing literature that found that elements of the pricing matrix alter as individual products and packaging requirements are accounted for (Myers, Cavusgil & Diamantopoulos 2002). The case study also lends support to literature that found that pricing strategies may need to be adapted from market to market to take account of cultural, economic, marketing objectives, cost structures, inflation rates, and government regulation differences (Albaum, Duerr & Strandskov 2005; Theodosiou & Leonidou 2003). Conversely, the case study research results contradict the research of Hise and Choi (2011), who found that a number of food companies employed a standardised form of pricing strategy.

Two case study organisations made the specific point that they operated within an environment where product specifications were highly regulated by the country of importation (see Appendix table 2). Importing country product regulations can therefore potentially lead to a narrowing of the product specification requirements. The result of narrowing product specification requirements is a reduced ability for the organisation to take advantage of manufacturing economies of scale, due to the resulting increase in the number of manufactured product lines. Therefore, the narrower the product specification required for a specific market, the higher the product price required in order that similar product gross margins are able to be retained. This finding extends earlier research stating that the influence of
standardisation upon organisational performance is about ensuring that the cost savings derived from the economies of scale are effective and able to deliver value and, therefore, successful organisational performance (Ryans, Griffith & White 2003).

One case study organisation maintained that product price was not specific to market destination, as the actual price agreed with the client was often the result of product mix and product volume ordered (see Appendix table 2). The greater the product volume required by a client, the greater pricing flexibility, as a result of improved economies of scale. Therefore, while this same organisation claimed that clients were heavily influential regarding the ultimate price agreed within the sales negotiation process, clients were not being charged differing product prices dependent upon market destination. The organisation was, however, in the practice of varying product-pricing structures according to product volumes required by individual clients. This finding again appears to provide support to Ryans, Griffith and White (2003), who found that the influence of standardisation upon organisational performance is about ensuring that the cost savings derived from the economies of scale are effective and able to deliver organisational value.

All four case study organisations suggested that the client is the primary driver of pricing levels. Further to this, the largest of the research organisations claimed that pricing is undertaken at the client level rather than at the generic country level because at any one time there is always a range of product prices available within a nominated market. In addition, it is the responsibility of the sales team to ensure that the organisation is always operating in the upper quarter of this price band. This same organisation, which manufactures a number of industrial goods for clients across a number of export markets, passionately believes that the sales process involves a large element of human emotion. Previous research does partially confirm that industrial goods require a more standardised approach than consumer products (Cavusgil, Zou & Naidu 1993; Ozsomer, Bodur & Cavusgil 1991) (see Table 5.1). Research also appears divided on the claim that industrial product purchases are based upon ‘rational’ rather than ‘emotional’ criteria (Cavusgil, Zou & Naidu 1993; Ozsomer, Bodur & Cavusgil 1991). The results of this case study research appear to lend further support to the theory that food manufacturing products can be sold as part of an adapted product range, as product is potentially bought by purchasers unconsciously
influenced by ‘emotional’ drivers (Barker & Aydin 1991; Boddewyn, Soehl & Picard 1986).

Previous literature has found that organisations selling products business-to-business can benefit more from the standardisation of elements of the marketing mix than organisations selling business-to-consumers (Jain 1989; Samiee & Roth 1992). Research by the same authors further suggests that, as product sold to business customers is generic in nature, products sold to these same customers are not likely to vary between markets. While this supposition appears intuitive, the conclusion of this case study research does not lend support to these previous findings. The research findings do lend support, however, to research undertaken by Schilke, Reimann and Thomas (2009), who found that business customers may require an equivalent amount of customisation of product to those of end-user customers.

One case study organisation makes the point that the majority of food-exporting organisations have the ability to trade product utilising a one-to-one sales relationship with customers. Participants stated, however, that this type of selling process is not able to leverage the maximum value for the food product concerned. With added commitment by both negotiating parties to a multi-level negotiation process, it was believed that higher product prices can be leveraged. Multi-level organisational engagement with clients involves both sales staff and technical staff simultaneously. This finding appears to extend previous research, which found that the competitive nature of the foreign market environment is a major influence on organisational pricing strategy (Ozsomer, Bodur & Cavusgil 1991; Sousa & Bradley 2005). Moreover, the nature of competing organisations limits the ability of the organisation to extract the desired level of pricing across all market destinations (Samiee & Roth 1992).

Sousa and Bradley (2009, p. 451) found that ‘prices are adapted to respect national idiosyncrasies.’ As a consequence, pricing strategies between countries vary depending upon the countries’ currency denomination. For New Zealand export organisations operating in a range of geographic locations utilising differing foreign currency denominations, the issue of maximising potential revenues is complex. This issue is further complicated when exporting organisations are endeavouring to create
client relationships that are long serving. Foreign currency differentials, which are volatile, can alter and thus move the exporting organisation from a position of a price advantage to a position of price disadvantage within a short time period. New Zealand food exporting organisations come under regular pressure to refine their customer base in order to re-align with the most optimal product returns. This case study is therefore able to enrich prior research by Sousa and Bradley (2009), as participating case study organisations all acknowledged that individual countries had their own idiosyncrasies to contend with, inclusive of exchange rate volatility.

**RQ1 research findings - product**

A number of researchers have established that product standardisation depends upon the type of product offered by the organisation (Cavusgil, Zou & Naidu 1993; Julian & O’Cass 2002; Samiee & Roth 1992). In addition, some researchers have found it more likely that organisations with a focus on either high technology and/or industrial-type products are more likely to utilise a standardised strategy approach. Conversely, consumer-type products are more likely to be sold via an adaptation type strategy (Chung 2003; Chung, Wang & Huang 2012; Quelch & Hoff 1986; Samiee & Roth 1992; Schuh 2000; Zaiem & Zghidi 2011), with food-type products more likely aligned with an adaptation strategy (Barker & Aydin 1991; Boddewyn, Soehl & Picard 1986).

A summary of these research findings, as they relate to product standardisation or adaptation, is presented in Table 5.1.

**Table 5.1 Summary table of product type versus standardisation or adaptation**

<table>
<thead>
<tr>
<th>Product type</th>
<th>Research finding</th>
<th>Authors</th>
</tr>
</thead>
<tbody>
<tr>
<td>High-tech products</td>
<td>More likely to be associated with standardisation strategy</td>
<td>(Cavusgil &amp; Zou 1994; Duprez, Diamantopoulos &amp; Schlegelmilch 1994; Wang 1996)</td>
</tr>
<tr>
<td>Industrial products</td>
<td>More likely to be associated with standardisation strategy</td>
<td>(Boddewyn, Soehl &amp; Picard 1986; Quelch &amp; Hoff 1986; Samiee &amp; Roth 1992; Solberg 2002)</td>
</tr>
<tr>
<td>Consumer-type products</td>
<td>More likely to be associated with adaptation strategy</td>
<td>(Chung 2003; Quelch &amp; Hoff 1986; Samiee &amp; Roth 1992; Schuh 2000; Zaiem &amp; Zghidi 2011)</td>
</tr>
<tr>
<td>Food-type products</td>
<td>More likely to be associated with adaptation strategy</td>
<td>(Barker &amp; Aydin 1991; Boddewyn, Soehl &amp; Picard 1986)</td>
</tr>
</tbody>
</table>

*Source: developed for this research.*
Not all research is in agreement regarding the level of standardisation versus adaptation as it relates to product type. Contrary to findings that food-type products are more likely to be associated with adaptation strategy, Hise and Choi (2011), who based their research on the study of 154 food organisations, found that food product is likely to be more correlated with a standardised strategy.

Product standardisation in this thesis has been defined as 'the degree to which the product (including positioning, design/style, quality, features/characteristics, brand/branding, packaging, labelling, services, warranty and items/models in the product line) differs from that of the domestic and export market' (Lages, Abrantes & Lages 2008, p. 589). This research definition of production standardisation resulted in all four case study organisations claiming an adapted form of product (see Appendix table 2). This result lends support to previous research undertaken by Barker and Aydin (1991) and Boddewyn, Soehl and Pickard (1986), rather than the conclusions of Hise and Choi (2011).

By Hise and Choi’s (2011) own admission, their research results that found the marketing mixes of food exporting organisations were more likely to be standardised as opposed to being adapted, were somewhat unexpected. Much of the existing evidence from international agribusiness research suggests that successful exporters are more inclined to adopt an adaptation strategy with the aim of modifying their products to suit the unique specifications of selected target markets (Chrysochoidis 1996a; Ibeh, Ibrahim & Panayides 2006; Leake 2000).

**RQ1 research findings - packaging**

The research definition of product standardisation (see above) also includes the use of packaging by an organisation. Therefore, many of the prior research findings, as they relate to product standardisation, also relate to packaging standardisation theory. At a commercial level, the vast majority of changes to product marketing mix elements within the food industry involve the incorporation of packaging variations. This is because much of the food product form is of a commoditised nature. For example, there are few product alterations that can be made directly to fresh meats, fruit and vegetable products, thereby necessitating the requirement for organisations to seek
differentiation from rival competitors via differing innovative forms of product packaging.

As detailed in the product section above, consumer-type products are more likely to be sold via an adaptation type strategy (Chung 2003; Chung, Wang & Huang 2012; Quelch & Hoff 1986; Samiee & Roth 1992; Schuh 2000; Zaiem & Zghidi 2011), with food-type products also more likely aligned with an adaptation strategy (Barker & Aydin 1991; Boddewyn, Soehl & Picard 1986) (see Table 5.1). The results of this case study again contradict the findings of Hise and Choi (2011), who unexpectedly found that food organisations are more likely to adopt a standardisation strategy.

All case study organisations purport to place a great deal of effort and energy into the needs and wants of their selected client base. An extension of this is that all four case study organisations state that it is the client who dictates, or at the very least influences, the final packaging and product form of the manufactured product. While this may appear a logical market-focused decision, it is potentially problematic in its commercial outcome. These unwarranted commercial outcomes were described by case study participants as representing the trade-off between product margin and product volume, with tailor-made products having a substantial impact upon factory efficiency levels. That is to say, smaller production runs are associated with higher per unit cost structures, whereas larger production volumes are associated with known efficiencies accumulated via economies of scale.

Management cite the attractiveness of larger volume clients who are able to deliver economies of scale advantages by enabling the manufacturing process the ability to concentrate on fewer product lines with larger production runs. Despite the obvious financial advantages of product and packaging standardisation, management appear in little doubt, however, that their organisational success is based upon the premise of providing differentiated products at superior margins. This requires the participating case study organisations to produce tailor-made product for consumers seeking unique product formats. The end-result of such a strategy is lower economies of scale and the requirement to offset these inefficiencies with higher product prices.

Three of the four chosen case study organisations state that packaging is the primary differentiator of product (see Appendix table 2). The commercial reality appears to be
that a number of export food clients and retailers are looking for products that are unique and provide a point of difference over their competitors. One organisation commented that there is always the potential danger that retailers may perceive a product as inferior if, in order to gain factory efficiencies, products are generically manufactured.

The fourth and largest of the case study organisations claimed that their differentiation drivers were product quality and client service. This same case study produces product variations for dissimilar markets, as it recognises that country importation and client requirements vary. The organisation further noted that a number of their currently manufactured products are based upon an internationally agreed set of quality standards. This set of internationally agreed product standards has resulted in a lesser ability to differentiate directly around product attributes. As a result, this has forced the organisation to focus on other differentiating attributes such as quality, brand, and service. Therefore, while these results support earlier research that found that food-type products are more likely to be associated with adaptation strategy (Barker & Aydin 1991; Boddewyn, Soehl & Picard 1986), it is evident that there are a number of complexities that require further investigation (see Section 5.5).

**RQ1 research findings - distribution**

Distribution standardisation reflects ‘the adjustment of distribution (distribution channels, physical distribution, type and role of middlemen) to the export market’ (Lages, Abrantes & Lages 2008, p. 590). Accordingly, all four case study organisations report the use of standardised distribution channels.

Chung (2003) finds that organisational size is related negatively to adaptation of price and distribution elements of the marketing mix, i.e. large organisations are more likely to standardise marketing mix elements. While the current case study lends conditional support to Chung (2003), it also finds that the distribution element of the marketing mix is standardised among all three of the smaller organisation case studies (see Appendix table 2). All organisations stated that their physical distribution methods to individual clients across the entire range of their associated export markets were standardised, with no material differences. This finding contradicts earlier research, which found that food organisations are more likely to adapt their distribution
channels (Barker & Aydin 1991; Theodosiou & Leonidou 2003). Sound arguments exist that large organisations are just as capable of favouring an adapted distribution network, due to the additional resources available to these organisations. The case study research supports this view, as standardised distribution networks were found to exist within both large and small organisations.

The adopted standardisation of the distribution network by all participating case study organisations is surprising, considering the geographical distance the case study organisations are from their foreign export markets. No case study organisation operates offshore sales offices, which could be offered as part explanation for the standardisation of the distribution systems employed. Having in-market offshore office structures potentially aids the adaptation of foreign distribution mechanisms, as staff have a greater ability to adapt to local product and food distribution processes. Therefore, the finding of this research does not concur with previous literature, which has demonstrated that distribution has strong links to adaptation strategies (Aksoy & Kaynak 1994; Theodosiou & Leonidou 2003).

A further potential contributor to the standardised nature of the case study distribution systems is that due to New Zealand’s geographic isolation, exporting food organisations are commercially encouraged to utilise sea-freighting options as the only financially viable distribution alternative. This locks exporting organisations into delivering product into foreign market seaports, which involves the added complication and cost of goods customs and clearance. Therefore, it could be argued that exporting organisations in Europe have many more product and goods distribution options, which may account for previous research findings that distribution strategy is more likely to be adapted (Theodosiou & Leonidou 2002).

Case study organisations hold that providing high levels of support, in order to retain and satisfy the best distributor and/or agent, helps provide the organisation with a higher level of financial performance. This finding supports earlier research by Madsen (1989), and also that of Zou and Stan (1998). Similarly, Hise and Choi (2011) found that there is a strong correlation with a standardised approach to distribution networks, a finding that is supported by this research.
RQ1 research findings - management

All case study organisations cite considerable management experience (see Appendix table 4). Interlaced with this are strong organisational leaders who are able to demonstrate and articulate sound and consistent managerial vision. Participant feedback consistently articulated the requirement to be nimble via the provision of a flexible production system. Production flexibility, in all cases, involved recognition that highly-automated production lines, while able to potentially provide cheaper per unit production costs, were not always suited to the hybrid strategy. Reportedly, clients regularly altered their required production orders. This necessitated many of these production orders to then be re-scheduled. In addition, management claimed during the interview process that ‘automated’ production lines do not always provide the required flexibility to facilitate this process. All four case studies, therefore, cite that their factories are not highly automated (see Appendix table 4).

Management participating in this research all expressed an understanding and knowledge of the requirements associated with the complexities of exporting food products. The case study evidenced that all organisations treat the exporting portions of their business as the ultimate driver of their organisational strategy. No organisation operated separate domestic and export sales teams, with all organisations claiming that all management and staff operate with the knowledge that export clients require differentiated product compared to their domestic client base.

The manufacturing process within all four organisations revolved around a batch-type processing system, as opposed to the more traditional continuous process system. While continuous process systems have the potential to provide greater economies of scale, they have the disadvantage of providing less production flexibility. All organisations proffer the importance of being able to deliver a differentiated, unique product to clients. This requirement is more suited to a manufacturing process that has the capability of batch-type processing. One case study organisation succinctly captured this issue by stating that the design and manufacture of speciality products for clients, starts with the recognition internally of why changes to those products are necessary. This requires a sense of staff ownership. Staff ownership together with a
committed and strategy-focused management team is able to blend itself into a compelling commercial proposition.

5.2.2 RQ1 Research conclusions

This research adds to the body of knowledge relating to how organisations balance the standardisation of elements of the marketing mix. There appears growing evidence that the effect of standardisation upon organisational performance is contingent upon a co-alignment between marketing program standardisation and the market environment in which it is implemented (Katsikeas, Samiee & Theodosios 2006). Unfortunately, managers of small and medium-sized organisations have few guidelines on how to apply the adaptation or standardisation decisions in order to maximise the performance of their marketing mix elements (Shoham 1999; Katsikeas, Samiee & Theodosios 2006).

Much of the standardisation/adaptation research undertaken to date has been focused upon multinational corporations (Katsikeas, Samiee & Theodosios 2006; Schilke, Reimann & Thomas 2009), but limited attention has been given to exporting organisations (Cavusgil & Zou 1994; Chung 2003; Chung, Wang & Huang 2012). In addition to this, as the majority of available research focuses upon the United States and Europe (Ghobadian, Veettil & O'Regan 2006) there is limited ability to generalise research findings into the New Zealand food export sector. Research into hybrid strategies within the food industry is also limited (Peters & Zelewski 2011). The absence of similar specific New Zealand-based research, coupled with the inability to generalise findings from other industry and country research, results in a theory gap in the current literature.

Drawing on analysis within Section 4.8.1, and the research findings within Section 5.2.1, the research draws a number of conclusions. The case study research findings indicate that successful New Zealand food exporting organisations utilising the hybrid strategy are more likely to adopt the contingency theory approach in relation to the levels of standardisation and adaptation of elements within the marketing mix. In doing this, organisations are able to attain the advantages of both the standardisation and adaption perspectives. This conclusion is based on case study findings that show that New Zealand food export organisations utilising a hybrid strategy, undertake a
mixture of standardisation and adaptation of elements of the marketing mix (see Appendix table 2).

With regard to the impact the application of hybrid strategies has upon the standardisation of the marketing mix, case study research organisations demonstrated that New Zealand food exporting organisations were more likely to:

- Standardise their promotional elements of the marketing mix;
- Differentiate their pricing elements of the marketing mix;
- Differentiate their product elements of the marketing mix;
- Differentiate their packaging elements of the marketing mix;
- Standardise their distribution elements of the marketing mix.

In addition to the above, the case study organisations demonstrated that:

- Small-sized to medium-sized New Zealand food exporting organisations were more likely to use packaging as the primary method of differentiation from competitors;
- Larger-sized organisations were more likely to utilise product quality and service as the primary sources of differentiation from competitors.

The above conclusions provide sufficient evidence to suggest that New Zealand food exporting organisations are more likely to support the contingency theory approach in relation to the levels of standardisation and adaptation of elements within the marketing mix, when implementing the application of hybrid strategies. In addition to this, the research concludes that the decision to standardise or adapt elements of the marketing mix within New Zealand food exporting organisations is influenced by both internal and external organisational factors.

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3 This conclusion supports existing theory that an either/or approach to either standardisation or adaptation is unwise and one likely to damage an organisation commercially (Vrontis 2003; Vrontis, Thrassou & Lamprianou 2009).
Research Question 2: How do organisations best balance the higher cost anticipated with differentiation with the lower costs anticipated with cost leadership when successfully integrating hybrid strategies?

5.2.3 RQ2 Research findings

This section outlines the research findings relating to RQ2 and provides a summary of the data generated from each of the four case studies, with regard to RQ2, which is presented in Appendix table 5 (see Appendix 15). In addition, some data relating to RQ2 was collated in exploration of RQ3 (see Appendix table 6, Appendix 15).

All four case study organisations cited the importance of being able to calculate and understand known costs for all products produced (see Appendix table 5). There appeared to be a recognition by organisational management and key factory management staff that additional lines of product resulted in additional costs and, therefore, potentially less factory efficiency (see Appendix table 5). One organisation admitted to the reality that the achievement of optimal factory efficiency is a goal that is an iterative process and one that is never fully achieved. In order to achieve the most optimal margin required, this organisation aspired to sell product at the highest possible price, while simultaneously achieving ultimate factory efficiency levels. This process had to be achieved while simultaneously packing the product to specification and delivering the product to clients in a timely fashion. Any additions to extra inefficiencies were to be outweighed by the additional margin added. Therefore, there is clear demonstrated management acknowledgment of the potential trade-off between the lower cost benefits associated with standardisation and the higher organisational cost structures associated with differentiation. As a result, case study organisation beliefs enrich prior research that articulates that cost savings derived from economies of scale must be able to deliver value and consequential successful organisational performance (Ryans, Griffith & White 2003).

One case study organisation made the point that additional product complexity resulted in increased factory production complexity. This point was also raised by the three other organisations, with factory production flexibility further cited as a critical tool for added cost mitigation (see Appendix table 5). Case study organisations claimed to achieve production flexibility using one of two methods. The first method
was the low use of relative automation within the factory environment (see Appendix table 6). All case studies directly refer to the belief that lower automation levels aided the flexibility and nimbleness required for the manufactured production of timely and complex export sales orders. The largest of the four case study organisations, while demonstrating comparatively higher levels of factory automation than the three other case study organisations, maintained that automation was more a matter of relativity to direct competitors. This organisation faced direct competition from still larger rival organisations that had greater levels of factory automation, and hence still greater economies of scale advantages.

The second method of achieving production flexibility was the operation of an effective production scheduling process (see Appendix table 5). Effective production scheduling was regarded as critical in relation to the attainment of lowest possible factory cost, highest possible factory efficiency levels, and highest product gross margin. Experience was held to be essential for this position, as the role required not only knowledge of how to ensure maximum factory efficiency, but also an ability to ensure that products were produced with minimum cost. While each individual product may be cost efficient if produced in isolation, it is often the combination of products produced within a manufacturing environment that dictates ultimate factory efficiency and maximisation of individual product margins. The combination of products produced at any one time is often an ever-changing matrix directly influenced by the constant changes to client orders and delivery timeframes.

These findings build on earlier work by Kotha and Orne (1989), who found that differentiators display a strong focus on products and services designed for premium value, in association with relatively flexible high-end product complexity and variety. All case study organisations displayed a clear knowledge and understanding of the trade-off that exists between the two polar extremes (cost leadership versus differentiation). Similarly, all organisations displayed an awareness that while differentiation is essential, excessive costs, if left unchecked, can easily nullify the premium prices gained (Hill 1988).

All four organisations claimed to have experienced management teams (see Appendix table 5) with all organisations reporting low staff turnover for both management and
factory staff. Organisational culture was considered an integral contributor to these successes (see Appendix tables 5 and 6). Case study interview responses registered that organisational culture was centred upon a ‘sense of family’ and ‘pride’, with all organisations reporting that organisational cultures were based upon people behaviours (see Appendix table 6). For example, one organisation cited their organisational behaviours as including: ‘one team’, ‘do what’s right’, ‘make it happen’, and ‘continuous improvement’.

All case study organisations referenced product quality as a key ingredient necessary for organisational success (see Appendix table 5). In addition to product quality, one organisation further claimed that market-servicing levels were also a key element of organisational success (see Appendix table 5). All interview participants appeared aware that cost reduction innovations were not to be at the expense of quality product offerings, as these same quality product offerings provided the organisations with a unique point of differentiation over competitors. This consistent strategic focus provided the organisations with a clear vision that a differentiated quality product offering provided the organisation the ability to leverage higher product prices than competitors.

The case study findings suggest that formal innovation recognises both cost reduction innovation and new product innovations equally, with the majority of product innovations focused around new packaging alternatives (see Appendix table 6). The largest case study organisation also noted business innovation as a strategic focus. The three smaller case study organisations cited strong process differentiation in relation to low cost innovation. These same organisations were also found to have medium to high quality and service innovation focus levels (see Table 4.21). The fourth and largest case study organisation was found to have a lower focus on process differentiation in relation to low cost innovation. This same organisation stated relatively strong levels of marketing, quality, and service differentiation focus levels (see Table 4.21).

The case study organisations recognised the importance of innovation and its linkage to a quality product. However, only three of the four case study organisations were able to provide a documented formal innovation process (see Appendix table 5). The
fourth case study organisation, while not having a formally documented process, was able to rely on a small, experienced management team with a philosophy of being ‘first to be second’ when delivering new product offerings into the market. The belief, in being first to be second, provided the organisation with the perceived ability to minimise risk within the innovation process. Competitor product successes could subsequently be copied and incorporated into the organisational production process, with knowledge that the same product had already succeeded in meeting client demands.

Many of the research findings associated with Research Question 1 support those findings found in response to Research Question 2. The findings for Research Question 1 demonstrate that each case study organisation incorporated a balanced approach to the levels of standardisation applied to various elements of the marketing mix. Therefore, support is found for the contingency theory, which allows for a balanced approach between the two extremes of total standardisation versus total adaptation (Alimiene & Kuvykaite 2008; Virvilaite, Seinauskiene & Sestokiene 2011).

Each case study organisation was able to place varying amounts of management emphasis upon appropriate elements of the marketing mix, with the intentional strategy of ensuring that the organisation was then able to balance the higher costs anticipated with differentiation with the lower costs associated with cost leadership. For example, each case study organisation was able to seek cost advantages associated with standardised distribution and promotion elements of the marketing mix, while also achieving the higher potential revenues associated with the differentiated marketing mix elements of pricing and product/packaging (see Appendix table 2). In summary, case study interview responses in relation to Research Question 2 suggest there are a number of management factors involved with regard to ensuring that the higher costs anticipated with differentiating are balanced with the lower costs anticipated with cost leadership (see Figure 5.2).

The central core element that exists within all case study organisations, is an organisational culture built upon knowledge and acceptance that the organisation possesses a cost structure that places it at a disadvantage to many of their rival
competitors. Therefore, innovation is appropriately targeted into product quality and service differentiation facets of the business. In addition, organisations provide innovation resources supporting competitor differentiation built around ongoing packaging iterations. Case study organisations utilise low relative factory automation levels in comparison to competitors, providing them with a competitive advantage owing to the added flexibility and nimbleness this brings to factory production.

Facilitating this entire process is an experienced management team, inclusive of a production-scheduling manager, who intuitively understand the trade-off that exists between optimal factory efficiency, product cost and quality product deliveries. Finally, in combination with the above, the flexible management approach in the use of elements that exist within the marketing mix allows the case study organisations to successfully balance the higher costs associated with differentiation with the lower costs anticipated with cost leadership (see Figure 5.2).
Figure 5.2 Organisational linkages ensuring higher costs anticipated with differentiating are balanced with the lower costs anticipated with cost leadership

Source: developed for this research.

5.2.4 RQ2 Research conclusions

This research adds to the body of knowledge regarding how organisations balance the higher costs associated with differentiation with the lower costs anticipated with cost leadership when successfully integrating hybrid strategies by addressing two primary research gaps. First, much of the current literature is focused upon the United States and Europe (Ghobadian, Veettil & O'Regan 2006) and, therefore, there is limited ability to generalise findings to the New Zealand food export sector. Secondly, much of the prior research undertaken in this field of study has been quantitative in nature (Sousa, Martinez-Lopez & Coelho 2008).
Drawing on analysis within Section 4.8.2, and the research findings within Section 5.2.3, the research draws a number of conclusions. The case study research findings indicate that successful New Zealand food exporting organisations utilising hybrid strategies possess an organisational culture that accepts that a higher manufacturing cost structure places the organisation at a disadvantage to many competitors. As a consequence, organisational management provide equal emphasis to both cost leadership and differentiation strategies in order to achieve successful organisational performance. In addition to operating a contingency approach to managing elements of the marketing mix, organisations will likely invest less capital in factory automation equipment than do competitor organisations utilising cost leadership strategies. A summary of the conclusions, as they pertain to RQ2, is presented in Table 5.2.

Table 5.2 RQ2 Conclusions

<table>
<thead>
<tr>
<th>Number</th>
<th>Research Question 2 (RQ2) conclusions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>With regard to how organisations best balance the higher cost anticipated with differentiation with the lower costs anticipated with cost leadership, the case study research findings indicate that successful New Zealand food exporting organisations utilising hybrid strategies are likely to:</strong></td>
</tr>
<tr>
<td>1</td>
<td>Have internal management processes that enable the proactive management of organisational product cost structures.</td>
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<tr>
<td>2</td>
<td>Utilise a combination of experienced internal managers and an organisational culture that facilitates the process of differentiation from competitors.</td>
</tr>
<tr>
<td>3</td>
<td>Have an appropriate organisational culture that enables personnel in key management positions an increased ability to understand the cost versus differentiation trade-off. Managers understand that non-strategic cost reduction negatively influences the delivery strategy of a quality product. This can result in reduced product demand.</td>
</tr>
<tr>
<td>4</td>
<td>Provide equal emphasis to both cost leadership and differentiation strategies within their organisation in order to achieve successful organisational performance. This case study research concludes that product cost competitiveness is of equal importance to product differentiation.</td>
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</table>
Chapter Five: Conclusions and Implications

<table>
<thead>
<tr>
<th>Number</th>
<th>Research Question 2 (RQ2) conclusions</th>
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<tbody>
<tr>
<td></td>
<td>With regard to how organisations best balance the higher cost anticipated with differentiation with the lower costs anticipated with cost leadership, the case study research findings indicate that successful New Zealand food exporting organisations utilising hybrid strategies are likely to:</td>
</tr>
<tr>
<td>5</td>
<td>Focus the majority of their innovation resources toward <em>quality</em> and <em>service</em> differentiation. The innovation focus on low cost and process differentiation, is considered of less comparative importance.</td>
</tr>
<tr>
<td>6</td>
<td>Operate a contingency approach to managing elements of the marketing mix in order to facilitate the balancing of the higher costs associated with differentiation with the lower costs associated with cost leadership.</td>
</tr>
<tr>
<td>7</td>
<td>Claim improved factory flexibility as justification for comparatively high per unit product cost structures. Therefore, the research concludes that in order to protect factory production flexibility, an organisation will invest less capital in factory automation equipment than do competitor organisations utilising cost leadership strategies. As a consequence, New Zealand food exporting organisations utilising the hybrid strategy accept lower factory automation levels, lower resulting economies of scale, and higher associated per unit cost structures, than competitor organisations utilising cost leadership strategies.</td>
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<tr>
<td>8</td>
<td>Manage effective production planning and production scheduling as critical components in the attainment of optimal factory efficiency. The acceptance of lower factory automation levels, lower resulting economies of scale, and higher associated per unit cost structures than competitor organisations utilising cost leadership strategies, requires that management understand the commercial nuances as they apply to improved production planning and scheduling processes.</td>
</tr>
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</table>

*Source: developed for this research.*
Research Question 3: What factors enable successful organisational performance when integrating hybrid strategies?

5.2.5 RQ3 Research findings

This section outlines the research findings for RQ3. A summary of the data generated from each of the four case studies, with regard to the factors that enable successful organisational performance when integrating hybrid strategies, is presented in Appendix table 9 (see Appendix 15).

In addition, some data relating to RQ3 was collated in exploration of other research questions. These are presented in Appendix tables 7 and 8 (see Appendix 15). Appendix table 7 summarises the analysis relevant to RQ3, which was collated during interviews concerning RQ1. Similarly, Appendix table 8 summarises the analysis relevant to RQ3, which was collated during interviews concerning RQ2.

The combined evidence from all case studies suggested that organisational culture is an important antecedent to successful organisational performance (see Appendix table 9, Appendix 15). All case study organisations made direct reference to the word ‘family’, with three of the four organisations also referencing the word ‘pride’ when discussing their internal culture (see Appendix table 9). There was a belief evident across all case studies organisations that the low staff turnover was a direct result of strong organisational culture. One organisation noted the immediate advantage of low staff turnover being the resulting lower staff training costs, in combination with the improved ability to build long-term intellectual knowledge. Previous researchers have found that organisational learning is able to deliver the capabilities for organisations to continually reduce costs and differentiate products in comparison to direct competition (Hawawini, Subramanian & Verdin 2003). The result of the build-up of accumulated knowledge allows not only the individuals to learn from the organisation, but also the organisation to learn from groups and individuals within the organisation (Santos-Vijande, Lopez-Sanchez & Trespalacios 2012).

Despite the strong cultures evident within all four case study organisations, only two organisations professed to a documented set of formally scribed organisational values and a mission statement. Of the two organisations to have formally scribed values and
mission statements, one organisation acknowledged that their culture ‘just sort of happens’ with there being no formal attempt to influence its form or shape. The second of the two admitted to their culture being ‘heavily influenced by the small community within which they all reside.’ Further, this organisation cited that the ‘reality of living in a small community with the consequence that you are well known, associated with the fear of failure, combines as a powerful motivator of staff and, therefore, organisational culture.’

The term ‘organisational culture’ has been described in recent literature associated with exporting organisational success, in terms of organisational market orientation. The better the market orientation of an organisation, the more adept the organisation will be at predicting, reacting to, and capitalising on changes to its environment (Rose & Shoham 2002). Similarly, research has indicated that managerial characteristics play an important part in this export success. Managerial characteristics include such factors as export commitment and support, education levels, international experience, and innovativeness (Sousa, Martinez-Lopez & Coelho 2008; Zou & Stan 1998).

In line with the immediate aforementioned research, all case study organisations reference an abundance of management experience (see Appendix tables 7 and 9). Furthermore, the inclusive leadership style that exists within all participating organisations appears to provide an internal environment where all management staff are willing to contribute to the decision-making process (see Appendix table 9). Participants from one organisation professed that an autocratic style of leadership would not work within such an existing cultural environment, as management would be more likely to disengage. The existing contribution by management to the decision-making process facilitates a culture of engagement by creating a sense of managerial empowerment.

The physical separation of management and factory staff on the same site is problematic from an organisational communication perspective (see Appendix table 9). All four case study organisations were unanimous in their belief that management staff separation negatively influences internal communication. While one organisation had the larger problematic issue of separate geographic location of its sales and marketing team, two organisations were faced with physical management separation
on the same site. As all organisations cited the preference to have not only all
management staff on the same site but also within close proximity, there appears
sufficient anecdotal case study evidence to suggest that organisational performance
may be improved further if this was the case. The suggestion from organisational
participants was that the build-up of accumulated knowledge was hampered by the
physical separation of management personnel. This potentially limits not only how
individuals learn from the organisation but also how the organisation learns from
groups and individuals within the organisation (Santos-Vijande, Lopez-Sanchez &
Trespalacios 2012).

The case study research organisations all operated within a flat organisational
reporting hierarchy (see Appendix table 9). Within this management structure, only
the largest of the four organisations acknowledged an existing human resource
department. The remaining three organisations either made use of outside consultants,
if required, or made use of existing internal management skill sets.

The flat organisational structure reportedly amended itself to the type of relationship
that was required between the organisation and their customer base. Interview
participants from all case study organisations referred to the necessity to maintain
organisational nimbleness and flexibility, along with the requirement to ensure that all
managers ‘listen and respond to clients’ (see Appendix table 9). One organisation
further added to this previous statement, declaring that the real challenge was to
‘listen and respond to clients by matching internal factory and staff competences.’

The matching of internal factory and staff competencies to the needs and requirements
of clients was reported as an ongoing iterative strategic process. There are a number
of managerial and organisational factors involved that influence the levels of
standardisation within an organisation (Virvilaite, Seinauskiene & Sestokiene 2011).
An issue concerning all case study organisations was the ability to match the
marketing decision variables on offer to clients, to the competency levels of factory
staff and factory manufacturing abilities. In addition to this, the management
participants within this research were conscious of ensuring that the revenues gained
by differentiating a product were greater than the increased cost of production
associated with that same product. Thus, there is an open reliance upon marketing
personnel knowledge and experience levels to assess each and every sale on its own merits. This finding appears to extend earlier research stating that the influence of standardisation upon organisational performance is about ensuring that the cost savings derived from the economies of scale are effective and able to deliver value and, therefore, successful organisational performance (Ryans, Griffith & White 2003).

Participant evidence further suggested that a critical component of the client relationship included the ability to operate a ‘batch-type’ processing system (see Appendix table 7). While three of the four case study organisations did not directly reference this exact terminology, the collated evidence strongly suggested that all four organisations utilised such a manufacturing processing system. This system requires that manufactured products be made in batch format rather than the more traditional ‘continuous’ format. All organisations inferred that the batch format is seen as a pre-requisite to being able to manufacture individual differentiated product lines for different clients who require unique product formats.

Further to this, one organisation stated that the delivery of the benefits associated with a batch processing system also involved multi-level organisational engagement with clients (see Appendix table 7). Having both sales staff and technical staff simultaneously engaged with clients was cited as being extremely effective when incorporated into the sales process. However, as organisational internal resources are finite, this client engagement strategy was regarded as problematic owing to the inability of the organisation to treat all customers equally. Therefore, the strategic reality was that there were some customers who potentially offered greater returns than others, for the same internal resources employed. In due course, the organisation was forced to focus on these more valuable clients.

Each of the case study organisations proferred differing formats and processes for board meetings, formal weekly meetings, budgeting and strategic planning (see Appendix table 9). The largest of the case study organisations engaged in formal board meetings, weekly meetings, budgeting, and strategic planning processes. At the opposite end of the spectrum, one organisation employed irregular board meetings, informal weekly meetings, no budget planning and an informal strategic planning process. It appears, therefore, that there is no obvious correlation between the
formality of management communication processes, hybrid strategies, and organisational performance.

In a possible explanation of this phenomenon, the level of managerial export commitment and support, education levels, international experience, and innovativeness (Sousa, Martinez-Lopez & Coelho 2008; Zou & Stan 1998) may offer some insight into the enablers of organisational performance when successfully integrating hybrid strategies. Potentially management experience, education levels and international experience, in combination with the positives associated with the organisational culture, enable superior internal communication levels than those provided by formal structured meetings. This is an area offered for further research (see Section 5.5 entitled Further research). Previous research regarding the link between managers’ export experience and the associated performance of the organisation is mixed. Some research has found a positive relationship (Lages & Montgomery 2005), while others have found no relationship (Contractor, Hsu & Kundu 2005).

No case study organisation operated any in-market sales office (see Appendix table 9). While this was to be expected for the smaller of the food case study organisations, it was the largest operator that was the most opposed to this sales strategy. All organisations preferred the option of utilising a generic sales force that was able to service both New Zealand and international markets. In explanation of this, an inference from one organisation suggested that added factory production complexity would be expected to occur if well-intentioned in-market sales teams placed production orders for product types and forms that did not lend themselves to factory efficiencies and cost controls. The inference was that the difficulties associated with managing off-shore sales staff would increase. It was believed that the New Zealand management resource would need to increase in order to ensure the in-market sales teams strategic direction was aligned to the commercial realities of the New Zealand-based manufacturing facility. The participants succinctly worded this challenge by stating that:

...the sales force, in an ideal world, would create as many product specifications as they could possible consider. The contrary view of this is
that production staff would like to produce as few specifications as possible (Appendix 13, I.D. 4057).

The same case study organisation testifies that the answer lies somewhere in the middle. In addition, the contingency approach is supported by the need to utilise both adaptation and standardisation simultaneously (Boddewyn, Soehl & Picard 1986; Douglas & Wind 1987; Vrontis 2003; Vrontis, Thrassou & Lamprianou 2009).

All four case study organisations appear clear as to the product category they are targeting. One organisation stated that supermarket buyers are not always aware of product differences and, therefore, the onus is always on the supplier to provide clear, concise rationales regarding product points of difference to the supermarket. Furthermore, without a clearly defined product category, supplying organisations can potentially be placed at a disadvantage on account of ill-informed supermarket buyer decisions that place products into incorrect supermarket aisles. This issue is often then further compounded with inappropriate product packaging for the category display.

Innovation was considered a key component to successful organisational performance by all case study organisations involved in this case study research (see Appendix table 9). The majority of the innovation was focused upon product and packaging, although the largest of the case studies added that innovation around cost reduction was also a major focus. This same organisation was one of three to operate a formal innovation process. The customer was nominated by all organisations as the driver of the innovation process and in the words of one case study ‘customers demand innovation’, with it being a ‘reason to talk to them.’

Product innovation in the agri-business sector is not easily achieved, with the majority of products in their raw format particularly difficult to differentiate from competitors. Researchers have suggested that as time progresses and an industry begins to mature, the rate of innovation change begins to slow, with the changes being incremental in nature (Abernathy & Utterback 1978). In addition, high levels of successful product innovation are not a guarantee of high relative organisational performance.

Researchers have hypothesised that it is the combination of both product and process innovations that is able to provide higher organisational performance. Therefore, the strategic dimension of product innovation is best integrated with the strategic
dimensions of marketing and cost reduction activities (Pertusa-Ortega, Molina-Azorin & Claver-Cortes 2009). To be viable, the differentiation strategy must be sustainable, and therefore, an organisation must be able to continually advance the brand image, packaging, pre-sales and post-sales service, and financing arrangements (Murray 1988). The majority of the innovation findings were discussed in relation to RQ2 (see Section 4.8.2), with evidence suggesting the importance of the innovation process as it relates to the success of hybrid strategies within the New Zealand food industry.

A number of collated responses in relation to Research Question 2 also lend support for Research Question 3. This is because balancing the higher costs associated with differentiation and the lower costs associated with cost leadership is considered a critical challenge for any organisations engaged with hybrid strategy adoption (Wright et al. 1991). In order to be considered a successfully performing hybrid organisation, it is a prerequisite that the organisation is able to balance the differing cost drivers associated with both differentiation and cost leadership. Therefore, prior findings and conclusions in relation to Research Question 2, as they relate to the absence of economies of scale, low levels of relative factory automation, innovation, and quality product offerings, are all considered relevant to the findings associated with Research Question 3. These findings have all been incorporated into the diagramatic illustration of the factors associated with the enabling of successful hybrid organisational performance (see Figure 5.3).

**RQ3 summary of linkages enabling hybrid organisational performance**

A diagrammatic explanation of the linkages enabling hybrid organisational performance, as evidenced by the case study research organisations, is presented in Figure 5.3. These findings include:

- An appropriate organisational culture is a pre-requisite in order to maximise performance from an experienced management team. In addition, it is necessary that management are able to understand and be motivated by an organisational culture that underscores the reality that the organisation cost structure is higher than rival competitors. Therefore, differentiation is considered essential.
• A flat organisational structure is required in order to deliver the benefits of experienced internal staff and external client communication. Other internal organisational factors highlighted by case study organisations included the requirement to listen and respond appropriately to client discussions and, where possible, to build multi-tiered organisational relationships with clients.

• The function of production scheduling is an essential element in the pursuit of maximised production efficiency. This process requires a sound knowledge of the cost structures associated with each manufactured product, in combination with the inter-relationships that each product imposes on the cost structures of other products. The commercial reality is that, while each individual product may be cost effective to produce, it is often the combination of products produced within the manufacturing environment in amalgamation with the required product delivery time frames that dictates ultimate organisational financial success.

• Low relative use of automation in comparison to rival competitors is a notable factor within all of the case study organisational manufacturing facilities. As previously discussed, the low use of automation facilitates the batch processing requirements for the food manufacturing organisations involved in this research. An additional advantage created by low automation of the factory environment includes increased production flexibility and nimbleness, in relation to completing client orders to scheduled deadlines. Automation of processing facilities often involves large amounts of capital expenditure, thereby requiring increased product volume throughputs in order to justify the capital expenditure involved. The case study evidence also suggests that New Zealand food manufacturing organisations may not possess the economies of scale in order to justify the capital expenditure required for many large-scale automation projects.

• Case study research results conclude that the distribution and promotional elements of the marketing mix are standardised with the price and product (inclusive of packaging) elements of the marketing mix being adapted. However, theoretical evidence suggests that the contingency theory in relation to elements of the marketing mix can be further generalised to the New Zealand export food sector.
• The central location of all management staff is suggested as a means to further facilitate communication between production and sales staff regarding the appropriate levels of marketing mix standardisation.

• An innovation focus is placed on the product and packaging elements of the marketing mix. In addition to this, there is an ongoing focus on cost reduction innovation, assuming that this element does not eventuate at the expense of quality product delivery.

• The delivery of quality products to clients appears non-negotiable in relation to ongoing successful organisational performance.

The relationships between many of the factors presented below in Figure 5.3 are similar to the linkages illustrated in the literature review for the research conceptual framework (see Figure 2.13). Existing literature suggests that the relationship between hybrid strategy, marketing mix, and successful organisational performance is a two-way process, with successful organisational performance also affecting both the hybrid strategy directly and weightings of the marketing mix elements employed (Virvilaite, Seinauskiene & Sestokiene 2011).

This case study research provides further evidence to support the linkages between external factors, internal factors, marketing mix and resulting organisational performance. External and internal factors directly influence the level of standardisation or adaptation of the marketing mix, by means of influencing the food exporting organisation’s internal operations. Therefore, the model portrayed in Figure 5.3 supports existing literature that posits that organisational performance may not only be the outcome of the standardisation/adaptation decisions, but also an antecedent of these decisions.

However, this research is able to provide only partial support for earlier research findings purporting that the relationship between generic strategy and successful organisational performance is a two-way process (Lages & Montgomery 2004; Virvilaite, Seinauskiene & Sestokiene 2011). The case study evidence suggests that participating case study organisations would be unlikely to alter their stated commitment towards a hybrid strategy (giving equal emphasis toward both cost
leadership and differentiation strategies) during times of poor (or good) organisational performance.

Collated case study evidence lends support for the supposition that these same organisations recognise that their future economic performance relies on continued adherence to the currently practiced hybrid strategy. Poor performance years are unlikely to convince the organisation that cost leadership is of greater long-term financial benefit to the organisation. Similarly, good performance years are unlikely to convince the organisation that differentiation is of greater long-term financial benefit to the organisation. Both poor and good performance years are unlikely to convince the case study organisation to alter their strategy focus. This is because of the influence of strategic dimensions other than financial performance being a major contributor to the strategic decision-making process.

There is sufficient collated case study evidence to lend support to the existing theory that suggests that successful organisational performance and the marketing mix is a two-way process (Solberg & Durrieu 2008). For example, case study organisations professed to alter their expenditures within differing elements of the marketing mix, with some of this alteration being due to organisational financial performance. However, as this research is a snapshot in time only (see Section 1.6), it is unable to provide direct evidence for any marketing mix element alteration from total standardisation to total adaptation or vice versa, due to a change in organisational financial performance.
Figure 5.3 Organisational linkages enabling successful organisational performance when integrating hybrid strategies in the New Zealand food export industry

Outcome: Successful hybrid organisation performance

Marketing mix:
Distribution = standardisation
Promotion = standardisation
Price = adapted
Product/packaging = adapted

Manufacturing facility:
Low relative use of factory automation compared to competitors (flexible, nimble, batch processing)

Production scheduling:
Knowledge of product cost/relationships

Experienced management team:
Understanding of economies of scale disadvantage and resulting organisation participant acknowledgement of the requirement to be different to competitors

Flat organisation structure:
Assists internal and external communication

Organisation culture:
Management acceptance that the organisation has a higher cost structure than competitors helps drive the differentiation process

Listening and responding to clients

Innovation – focused on product and packaging

Internal factors:
• Listen and respond appropriately to clients
• Strong multi-tiered relationships with clients
• Inclusive leadership style
• All management centrally located

External factors:
• Food industry characteristics
• Exchange rates
• Competition
• Product characteristics

Source: developed for this research.
5.2.6 RQ3 Research conclusions

This research adds to the body of knowledge of what factors enable successful organisational performance when integrating hybrid strategies.

Previous research dedicated to the relationship between hybrid strategies and organisational performance levels have provided mixed results (Dess & Davis 1984; Kim & Lim 1988; Nandakumar, Ghobadian & O'Regan 2011; Pertusa-Ortega, Molina-Azorin & Claver-Cortes 2009; Spanos, Zaralis & Lioukas 2004; Subramaniam & Gopalakrishna 2001; White 1986). Other researchers, however, have shown that under certain conditions a combination of low cost and differentiation may lead to superior financial performance (Baroto, Abdullah & Wan 2012; Dess & Davis 1984; Kim & Lim 1988; Miller & Dess 1993; Pertusa-Ortega, Molina-Azorin & Claver-Cortes 2009; Spanos, Zaralis & Lioukas 2004; Wright et al. 1991).

This case study research provides support for the successful use of hybrid strategies within the confines of the New Zealand food exporting sector. Organisations that undertake hybrid strategies are forced to deal with the challenges associated with increasing strategic complexity, as the hybrid strategy involves combining factors associated with both low cost and differentiation strategies.

Drawing on analysis from Section 4.8.3 and the research findings within Section 5.2.5, this research is able to draw a number of conclusions. The case study research findings indicate that successful New Zealand food exporting organisations utilising hybrid strategies possess strong organisational cultures. The strong organisational cultures combine inclusive leadership styles, personnel pride, and a bonding sense of family, which are able to act as a powerfully motivating cultural force. These same organisations are more likely to possess a flat organisational structure, providing an appropriate platform for the communication style and frequency to facilitate organisation and client relationships. In addition, organisations are more likely to have acquired experienced and knowledgeable management teams who understand product and cost relationships and the disadvantages associated with reduced economies of scale. Batch-type processing appears an essential pre-requisite for the manufacturing of differentiated product lines for clients who require unique product formats, in combination with an ability for the organisation to facilitate multi-level engagement.
with clients. A summary of the conclusions, as they pertain to RQ3, is presented in Table 5.3.

### Table 5.3 RQ3 Conclusions

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<th>Number</th>
<th>Research Question 3 (RQ3) conclusions</th>
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<tr>
<td></td>
<td><strong>In relation to factors enabling successful organisational performance, the case study research findings indicate that successful New Zealand food exporting organisations utilising hybrid strategies are likely to:</strong></td>
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<tr>
<td></td>
<td>Possess strong organisational cultures that combine inclusive leadership styles, personnel pride, and a bonding sense of family, which act as a powerfully motivating cultural force for both management and factory staff.</td>
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<tr>
<td>1</td>
<td>Have lower personnel turnover rates, which are as a result of strong organisational culture. Lower personnel turnover rates are able to improve management experience levels and thus the accumulation of organisational knowledge, within both management and factory staff. Furthermore, the accumulation of experience and knowledge results in improved decision-making ability, exercised by managers who feel a greater sense of empowerment and additionally understand the strategic requirements for hybrid strategy success.</td>
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<td>2</td>
<td>Have organisational cultures that provide an ability for both management and key factory staff to understand the strategic nuances surrounding the commercial reality that the organisation has a higher cost structure than competitor organisations utilising a cost leadership strategy. The management and factory staff understanding of a higher cost structure drives innovation, and in turn, the process of differentiation from competitors.</td>
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<tr>
<td>3</td>
<td>Are more likely to possess a flat organisational structure. The research found that a flat organisational structure provided the appropriate platform for the communication style and frequency to facilitate organisational and client relationships. Therefore, the research concludes that organisational structure is an important antecedent to the correct balance of both internal and external communication.</td>
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### Chapter Five: Conclusions and Implications

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| 5 | Possess an ability to leverage the communication and intellectual knowledge retention benefits associated with low staff turnover, organisational culture, and organisational structure, in order to achieve successful organisational performance.  
  
4 This conclusion enriches previous research that found that organisational learning allows a combination of both strategies (cost leadership and differentiation) (Fjeldstad & Haanaes 2001; Lubatkin et al. 2006; Parnell 2000). Organisational learning, where it exists, is able to deliver the capabilities for organisations to continually reduce costs and differentiate products in comparison to direct competitors (Hawawini, Subramanian & Verdin 2003). |  |
| 6 | Maintain an organisational market orientation that is able to facilitate successful organisational performance. This conclusion enriches earlier research, which found that managerial characteristics, such as export commitment and support, education levels, international experience and innovativeness are an important antecedent to export success (Sousa, Martinez-Lopez & Coelho 2008; Zou & Stan 1998). |  |
| 7 | Possess experienced and knowledgeable marketing staff who are able to ensure that the revenue received for differentiated product is greater than the associated increased costs of production for that same product. This research conclusion further enriches prior studies that found that the influence of standardisation upon organisational performance is about ensuring that the cost savings derived from the economies of scale are effective and able to deliver value, and therefore, successful organisational performance (Ryans, Griffith & White 2003). |  |
| 8 | Are able to operate a batch-type processing system. Batch-type processing appears an essential prerequisite for the manufacturing of differentiated product lines for clients who require unique product formats within the New Zealand food export sector. |  |
| 9 | Have an ability to manage multi-level organisational engagement with clients. Multi-level organisational engagement with clients is a necessary co-ingredient to batch processing, in order to maximise and capture additional revenues from increased product sales. |  |
| 10 | Possess management clarity with regard to product category options. The case study evidence suggests that for business-to-consumer products, a poor product category definition is likely to result in inappropriate supermarket aisle allocation. The combination of an incorrect selling display aisle and inappropriate product |  |
packaging for the category display results in poor product uptake by end-users. For business-to-business products, the case study evidence suggests that poor product category definitions will likely result in inappropriately packaged products for clients. Therefore, there exists the potential that products will then not be suited for the purpose for which it was originally purchased.

*Source: developed for this research.*

In addition to the above conclusions regarding factors enabling successful organisational performance, the case study research findings indicate that successful participating case study organisations utilising hybrid strategies are likely to:

- Hold a belief that the location of management staff is an important antecedent for further improving the organisational success. Therefore, based upon participant evidence, the research is able to draw the conclusion that the physical separation of staff and functions negatively influences internal communication levels of the participating New Zealand exporting case study organisations. However, case study evidence is not sufficient to broaden this supposition to the wider context of New Zealand food exporting organisations utilising a hybrid strategy. Organisations operating a number of manufacturing processing facilities in different physical locations are unable to ensure that all management functions and processing sites are centrally located (see Section 5.4, entitled Limitations of the research). Therefore, this knowledge gap is offered as an area for further research (see Section 5.5, entitled Further research);

- Be of the opinion that the absence of an in-market sales office positively influences successful organisational performance. Case study participant evidence was clear as to the potentially negative influence that offshore sales staff have upon New Zealand factory production efficiencies. It is not clear, however, if this supposition is able to be generalised to the wider context of New Zealand food exporting organisations utilising a hybrid strategy. Therefore, this knowledge gap is offered as an area for further research (see Section 5.5, entitled Further research).
5.3 Implications of the research

The core purpose of this research was to understand how New Zealand food exporters successfully integrate the use of hybrid strategies into their organisation and the key enablers of their successful organisational performance. The study makes three contributions to the existing body of knowledge on organisational strategy. The first contribution is to the inter-relationships between hybrid, generic and export marketing strategy, and the linkages to standardisation of elements of the marketing mix and to organisational success. The linkages of these inter-relationships as they exist within current theory were illustrated initially within the literature review (see Section 2.4.4, Figure 2.13).

The model suggests that organisational performance may not only be the outcome of the elected generic strategy and resulting levels of marketing standardisation or adaptation, but that it may also be a precursor of these decisions (Lages & Montgomery 2004; Virvilaite, Seinauskiene & Sestokiene 2011). While findings of this case study research are in agreement that preceding organisational performance has an indirect and positive effect on the marketing mix (standardisation and adaptation) (Lages & Montgomery 2004; Schilke, Reimann & Thomas 2009), it indicates that the linkage to generic strategy is less certain (see Figure 5.4). The collated evidence from this case study research finds no evidence that participating organisations were likely to alter their generic (hybrid) strategy based upon preceding organisational performance levels. Years in which poor performance was experienced appeared unlikely to convince the organisation that cost leadership was of greater long-term financial benefit to the organisation. Similarly, good performance years were unlikely to convince the organisation that a differentiation strategy was of greater long-term financial benefit to the organisation. Small to medium-sized New Zealand food exporters are unlikely to possess the required economies of scale in order to make the strategic shift to a cost leadership generic strategy commercially viable. Conversely, the commercial nature of the agri-business food sector appears to provide limited incentive to make viable the shift to the differentiation strategy. As this case study research is a snapshot in time only, there is limited ability to draw concise conclusions that may be reliant upon longitudinal cause-and-effect
relationships. Therefore, this leaves opportunities for future fields of research (see Section 5.5).

All case study organisations provided sufficient evidence to show that the management of cost control was, at minimum, of equal importance to that of differentiation. Therefore, this suggests that the product premiums made available via manipulations of various elements of the marketing mix do not always out-weigh the potential increase in costs that may be associated with these same iterations. As a consequence, the conclusion proffered by this research thesis is that current New Zealand food exporting organisations utilising the hybrid strategy are unlikely to alter their generic strategy selection as a result of alterations in levels of organisational performance. This conclusion provides an opportunity for future fields of research (see Section 5.5).

The second contribution to the body of knowledge is twofold. The first addition is the extension of knowledge regarding the internal organisational linkages enabling successful organisational performance when integrating hybrid strategies (within the New Zealand food export industry). The qualitative case study methodology undertaken for this research thesis was able to collate a volume of rich and insightful material regarding organisational structure, management, culture, and internal resource allocations. Previous research was reliant on quantitative data, making much of this material unavailable, particularly as it related to the New Zealand food export industry. A finding of this case study research was the importance of organisational culture and organisational hierarchy as key ingredients for success within the New Zealand export food sector. Both of these success factors were not incorporated into the research topics’ literature review and therefore, this leaves opportunities for future fields of research (see Section 5.5). In addition to this, the research concludes that both organisational culture and organisational hierarchy were able to facilitate aspects of organisational learning, which also provides future direction for potential research as it relates to hybrid strategy usage within the New Zealand food sector (see Section 5.5).

The second addition to the body of knowledge relates to generic strategy, marketing mix, and organisational performance in the New Zealand food export sector. Much of
the existing body of knowledge is unable to be generalised to other industries and/or countries (Sousa, Martinez-Lopez & Coelho 2008).

Further, this research enriches the direct linkage found by earlier research between internal organisational factors and organisational performance (Cavusgil & Zou 1994; Cavusgil, Zou & Naidu 1993). Four important internal factors are more likely to be required for the successful performance of hybrid organisations operating within the New Zealand food export sector. All factors affect organisational performance directly and indirectly via the marketing mix. The four internal factors are that:

- Organisations must possess appropriate internal cultures in order to facilitate the necessary management functions required to undertake a successful hybrid strategy within the New Zealand export food sector;
- Organisations must possess appropriately skilled production coordination competences in order that factory efficiencies are maximised and client orders completed in a timely manner;
- Organisations possess lower relative use of factory automation compared to competitor organisations utilising cost leadership strategies in order to ensure that unique products are able to be manufactured in a timely and efficient manner;
- Organisations operate a flat reporting structure in order that the correct balance of both internal and external communication is able to be facilitated.

Therefore, Figure 5.4 shows the proposed modified linkages between the inter-relationships of hybrid generic, and export marketing strategy. It also illustrates the linkages to standardisation of elements of the marketing mix, and to organisational success. The proposed linkages between the inter-relationships of hybrid generic, and export marketing strategy illustrated in Figure 5.4 provide opportunities for future fields of research (see Section 5.5).
Figure 5.4 Research conceptual framework post-research of organisational linkages enabling successful organisational performance when integrating hybrid strategies in the New Zealand food export sector

Finally, within existing literature, the study of hybrid strategy with regard to the link to successful organisational performance has shown mixed results (Dess & Davis 1984; Kim & Lim 1988; Nandakumar, Ghabadian & O'Regan 2011; Pertusa-Ortega, Molina-Azorin & Claver-Cortes 2009; Spanos, Zaralis & Lioukas 2004; Subramanian & Gopalakrishna 2001; White 1986). However, there are a number of researchers who

\[5\] Note: dotted lines denote linkage changes and factor additions to the original conceptual framework presented in Section 2.4.4, Figure 2.13.
have been able to show that, under certain conditions, a combination of low cost and differentiation may lead to superior financial performance (Baroto, Abdullah & Wan 2012; Dess & Davis 1984; Kim & Lim 1988; Miller & Dess 1993; Pertusa-Ortega, Molina-Azorin & Claver-Cortes 2009; Spanos, Zaralis & Lioukas 2004; Wright et al. 1991). For example, previous research has shown that the adoption of hybrid strategies offers a competitive advantage for Greek food organisations operating both domestically and internationally (Salavou 2013). This case study research is able to enrich previous supporting literature as it has found empirical evidence demonstrating successful hybrid strategy usage within the confines of the New Zealand food export sector.

5.4 Limitations of the research

The delimitations of scope for this research were discussed in Chapter 1 (see Section 1.7). In Chapter 3 (see Section 3.5), five limitations of the methodology were identified. An explanation of how each of these five limitations was mitigated during the research is found in Section 3.5.

Initially, the research planned to select purposively four case study organisations of varying size. In order to fulfil the requirements regarding research quality, validity, and reliability (see Section 3.2.4), organisations selected were required to not only fulfil the case study selection criteria (see Section 3.3.3), but also provide the researcher with diversity of organisational turnover and employee numbers. Ultimately, the final case study selection process was unable to provide the researcher the ability to select the ideal spread of organisational size (see Table 5.4).

<table>
<thead>
<tr>
<th>Case study name</th>
<th>Hybrid Selection Criteria</th>
<th>Actual Size Selected</th>
<th>Ideal Size Selection</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>✓</td>
<td>Small</td>
<td>Small</td>
</tr>
<tr>
<td>B</td>
<td>✓</td>
<td>Small - Medium</td>
<td>Small - Medium</td>
</tr>
<tr>
<td>C</td>
<td>✓</td>
<td>Small</td>
<td>Medium to Large</td>
</tr>
<tr>
<td>D</td>
<td>✓</td>
<td>Large</td>
<td>Large</td>
</tr>
</tbody>
</table>

Source: developed for this research.

In addition, the research endeavoured to capture at least one organisation associated with the beverage export sector. This was to allow research findings to be applicable
to both the *New Zealand food and beverage export sectors*. However, during the case study organisation selection phase of the research, no eligible beverage organisations made themselves available as a suitable case study. Therefore, the final research thesis restricted the field of study to *New Zealand food exporters only*.

The research is restricted to organisations that manufacture and export product within their own manufacturing facility, i.e. all cooperating case study organisations within this research operated a single (as opposed to multiple) manufacturing processing facility. This leaves opportunities for future fields of research (see Section 5.5).

This case study research limited itself to New Zealand food exporters operating a hybrid strategy and who owned their own manufacturing facility. The small nature of the New Zealand organisations in comparison to larger global multinationals results in the research conclusions not being able to be generalised to larger multinational food exporting organisations operating outside of New Zealand.

Finally, the timing, coordination and scheduling of interviews were considered problematic. This was due to the onerous nature of the interview time commitments required from each organisation’s management staff, i.e., each organisation generously committed up to six hours of interview time. The semi-structured interview process required that different managers made themselves available at different times during the scheduled interview day. This constant management resource scheduling provided both the case study organisations and researcher difficulties ensuring relevant participants were available when required.

5.5 Further research

This research gives rise to a number of potential new research opportunities, including:

- research investigation to incorporate New Zealand exporting beverage organisations;
- research investigation to include New Zealand, Australian and/or global exporting food and beverage organisations with multiple manufacturing facilities;
• research investigating organisational culture and organisational hierarchy as they relate to organisational learning and enablers of successful organisational performance within the New Zealand, Australian and/or global food and beverage industry;
• research investigating New Zealand, Australian and/or global food exporting organisations operating multiple processing sites in different geographic locations;
• research investigating New Zealand, Australian and/or global food exporting organisations operating in-market offshore sales facilities;
• research investigating New Zealand, Australian and/or global exporting manufacturing organisations, i.e. excluding food and beverage exporters;
• research investigating the New Zealand and/or Australian exporting red meat industry;
• research investigating the New Zealand food export sector and standardisation levels of product and packaging;
• research linkages investigating the causal relationships between hybrid strategy, export marketing mix, internal and external forces, and organisational performance of New Zealand, Australian and/or global exporters;
• research investigation to incorporate longitudinal cause-and-effect relationships in the study of strategic fit and organisational performance within the New Zealand, Australian and/or global food export industry.

5.6 Conclusions

Chapter 5 has discussed the findings for the three research questions and has compared those findings to the existing literature discussed in Chapter 2. The conclusions resulting from this research were then discussed, followed by the implications, limitations, and further research possibilities as a result of this research.

The primary purpose of this research was to understand how New Zealand organisations operating within the food export sector integrate the simultaneous pursuit and equal emphasis of both cost leadership and differentiation into their
organisations. Secondly, the research was to highlight the key enablers that these same organisations believe attributed to their organisational success.

In addition to this, the research was to add to existing theory in two areas. The first addition was regarding the inter-relationship between hybrid, generic and exporting marketing strategy and the linkages to standardisation of elements of the marketing mix and to organisational success. The second addition to existing theory was the contribution to a greater understanding of how organisations simultaneously integrate dual generic strategies, particularly within the confines of organisational structure, management, culture, and external enablers.

The implementation of the study has accomplished all four purposes. Existing literature suggested a lack of agreement with regard to the impact of strategy upon organisational performance. There was also an apparent lack of agreement as to the appropriateness and applicability of hybrid strategy, particularly as it related to the levels of standardisation of elements within the marketing mix. Furthermore, there appeared to be limited ability to generalise existing research findings into the New Zealand primary industry context, and in particular to the New Zealand food export sector.

The explanation and theory built throughout this research has demonstrated that the use of hybrid strategy within the New Zealand food export sector can be a valuable contributor to improved organisational performance. In addition to this, the research has demonstrated the appropriate levels of standardisation of elements of the marketing mix within the New Zealand food export sector. Finally, the research has outlined possible future research propositions.
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Appendices

Section A:

Appendix 1 Interview questions categorised by high-level research questions

<table>
<thead>
<tr>
<th>What impact does the application of hybrid strategies have upon the standardisation of the marketing mix and why is this the case? (RQ1)</th>
<th>How do organisations best balance the higher costs anticipated with differentiation with the lower costs associated with cost leadership when successfully integrating hybrid strategies? (RQ2)</th>
<th>What factors enable successful organisational performance when integrating hybrid strategies? (RQ3)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Background, culture and HR</strong></td>
<td>Is it possible to outline to me the export intensity of the organisation e.g. % of exports in volume and dollar terms and where (which countries) are your major export markets? [A] Are you able to provide an overview of the current organisational product range i.e. the number of products manufactured, the form these products take, the type and size of packaging etc [A] With the differing products noted in the question above, are you able to outline if these manufactured products are produced for singular or multi destination markets? Is it possible to draw a table outlining product form by destination by % of turnover? [A]</td>
<td>Is it possible to detail for me both the direct and dotted lines of authority and communication within this hierarchy? [A] Is it possible to have a brief position description for each of the major management roles within the organisation? [A] Could you please draw for me a plan of the office layout and department seating positions and proximity? [A] How often are budgets set and what are the key measures used to evaluate performance e.g. market share, unit cost, return on capital etc [A] Can you describe to me the organisational process with regard to ensuring these important KPI’s (referred to in the prior question) are measured and monitored? [A] How would you describe the culture of the organisation? [B]</td>
</tr>
<tr>
<td>What type of people does the organisation attract? Why do they want to work here? [B] Are you able to provide me with your organisation’s employee turnover %? How has this altered over time? [B] How much focus is placed on staff turnover as a key management measure? [B] In your opinion what are the employee expectations and what are their attitudes toward the organisation and their jobs? [B]</td>
<td>Can you please outline to me a brief history of the organisation citing such aspects inclusive of turnover growth, employment growth, how and when did the organisation commence? [A] What is the current ownership structure of the organisation? Does this differ from 3 years ago? From 5 years ago? [A] Are you able to communicate to me the organisational vision and organisational values? [A] Are you able to supply me with the organisational mission statement? [A] Can you please draw for me the organisational reporting hierarchy? [A]</td>
<td>Can you please outline to me a brief history of the organisation citing such aspects inclusive of turnover growth, employment growth, how and when did the organisation commence? [A]</td>
</tr>
<tr>
<td>What impact does the application of hybrid strategies have upon the standardisation of the marketing mix and why is this the case? (RQ1)</td>
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<tr>
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<tr>
<td>Does the organisation have a set of shared values that are visible and accepted? If so can you please describe these to me? [B] Describe the role of HR within your organisation with particular reference to employment policy [B] In your own words please describe the culture of the organisation [C] What factors or characteristics do you believe are essential ingredients for the current success of your organisation? [C]</td>
<td>Structure, reporting and communicating</td>
<td>What is the dominant management style within this organisation and how is conflict resolved? [B] Do you believe that your organisational structure is an important difference between your organisation and your competitors in terms of aiding organisational performance? If so why? [B] Are you able to tell me the formal meetings your organisation requires you as senior managers to attend on a daily, weekly, monthly and quarterly basis? [B] What are the broad objectives of the each of the formal meetings as outlined above [B] In your opinion, does your organisation do a good or poor job of involving lower level management and line staff in the decision-making aspects of the business? Why do you say this? [B] How is important and critical business information communicated across your business i.e. email, phone, formal or informal meetings etc? [B]</td>
</tr>
</tbody>
</table>

Appendices

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**Appendices**

<table>
<thead>
<tr>
<th>What impact does the application of hybrid strategies have upon the standardisation of the marketing mix and why is this the case? (RQ1)</th>
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<th>What factors enable successful organisational performance when integrating hybrid strategies? (RQ3)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>In your opinion, how is the current structure of the organisation appropriate for the type of business and the competitive advantage you are seeking? [C]</td>
</tr>
<tr>
<td><strong>Strategy</strong></td>
<td>How does the organisation debate internally the level of standardisation or adaptation required for products, prices, promotion, and distribution channels for the multitude of markets serviced? [C] Do you consider your advertising and marketing spend to be a strategic and valuable use of resource? If so why? [D] Can you describe the process your organisation employs in order to find new ways to reduce cost without impacting upon the effectiveness of being able to manufacture innovative and specialty products for selected customers? [D] Please complete the following table. In terms of organisational emphasis, stated as either low, average or high, please rate the following: a. Emphasis on innovation [process] differentiation b. Emphasis on marketing differentiation c. Emphasis on quality differentiation d. Emphasis on service differentiation e. Emphasis on low cost [C] What are the 3 major lessons you have learned as an organisation that you can now offer as advice to other food manufacturing organisations looking to better manage the higher costs associated with differentiated products? [C]</td>
<td>Are you able to provide some insight into the current organisational strategy? For example, who do see as your major competitors and how do you currently review organisational strengths and competences to compete with these competitors? [A] Can you briefly outline what you consider your organisation’s current key point of difference to competitors is? In your view is this sustainable? Why? [B] In your opinion, what do you believe are the keys to this organisation’s success? And why? [B] Would it be correct to say that continual innovation is a key part of this organisation’s success? If yes, why? [B] If innovation is key to the success of this organisation, is the thrust of this innovation directed toward products, processes or marketing or other e.g. quality or service differentiation? [B] Are you able to provide me with the % of turnover on R&amp;D spend? Do you feel this is an important aspect to consider when assessing the success factors of your organisation’s performance? If so why? [B] Are you able to briefly outline the strategy creation process your organisation undertakes i.e. to create a flow chart? [B] Who is involved in the strategy creation process? [B] How often and when does this process occur? [B]</td>
</tr>
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</table>

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### Appendices

<table>
<thead>
<tr>
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<th>How do organisations best balance the higher costs anticipated with differentiation with the lower costs associated with cost leadership when successfully integrating hybrid strategies? (RQ2)</th>
<th>What factors enable successful organisational performance when integrating hybrid strategies? (RQ3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Describe how the organisation has evolved over time in terms of standardisation or adaptation of the marketing mix as it relates to price, promotion, product and distribution [B]</td>
<td>Please describe for me the mindset of factory managers toward the production of multiple lines of product. How has this changed over the years? [B]</td>
<td>In your opinion could any organisation adopt a hybrid type strategy similar to your own and use it to positively impact future performance? If the answer is yes, why? If the answer is no, why not? [C]</td>
</tr>
<tr>
<td>How does the organisation standardise or adapt core products across major markets? [B]</td>
<td>In your opinion, how does this organisation deal with the complexities surrounding the management of continual product differentiation? [D]</td>
<td>What specifically do you expect each of the contributing departments to bring to the strategy creation process in terms of information, ideas, and general input? [C]</td>
</tr>
<tr>
<td>How does the organisation advertising and promotion execution and spend vary across major markets? [B]</td>
<td>With reference to key performance measures how is the marketing department performance measured? [B]</td>
<td>Marketing / Sales</td>
</tr>
<tr>
<td>How does the organisation distribute products in differing markets? [B]</td>
<td>What breakeven time horizon does your organisation use when considering and costing the introduction of new products? [B]</td>
<td>Describe how your organisation standardises or adapts core products across chosen markets [D]</td>
</tr>
<tr>
<td>In what way does the organisation vary pricing of products across major markets? [B]</td>
<td>Describe the relationship between the marketing department and the organisational factory staff [B]</td>
<td>Describe the experience level within the marketing department staff in relation to its importance to the organisation’s success [B]</td>
</tr>
<tr>
<td>Describe how your organisation standardises or adapts core products across chosen markets [D]</td>
<td>Please briefly outline the new product development process as it relates to the balancing of product differentiation and cost containment [B]</td>
<td></td>
</tr>
</tbody>
</table>

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263
<table>
<thead>
<tr>
<th>What impact does the application of hybrid strategies have upon the standardisation of the marketing mix and why is this the case? (RQ1)</th>
<th>How do organisations best balance the higher costs anticipated with differentiation with the lower costs associated with cost leadership when successfully integrating hybrid strategies? (RQ2)</th>
<th>What factors enable successful organisational performance when integrating hybrid strategies? (RQ3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does your organisation believe that a customised advertising and promotion spend across major markets offers a greater return for the money spent than does a generic spend? If so why? If not why? [D]</td>
<td>In your opinion how does this organisation deal with the complexities surrounding the management of cost containment? [D]</td>
<td>In your opinion what does the organisation do particularly well? [B]</td>
</tr>
</tbody>
</table>

**Strengths and Challenges**

- Can you describe the success factors for being able to design and manufacture speciality products for particular groups of customers [D]
- In your opinion how does this organisation deal with the complexities surrounding the management of cost containment? [D]
- In your opinion what does the organisation do particularly well? [B]
- How important is the leadership style of the organisation in relation to achieving your organisational objectives and successful organisational performance? [B]
- What else, in your opinion, is particularly important to ensure the organisation continues to succeed in the future? [B]
- Describe the current leadership style within the business [B]
- If you had to list 3 leadership traits in order of importance that were thought necessary for your organisation’s continued future performance what would these 3 traits be? And why? [C]
- What else, in your opinion, is particularly important to ensure the organisation continues to succeed in the future? [C]
- Do you consider that the organisational management team possesses certain personal characteristics that lead to the organisation’s success? If so what are these personal characteristics and why are they important? [D]

**Markets, environment and competitors**

- Describe the environmental factors that are important when considering your organisation’s strategy e.g. economic environment, competitor environment, customer analysis and market analysis [B]
- Describe how these environmental factors are incorporated into your strategic planning cycle [B]
<table>
<thead>
<tr>
<th>Performance</th>
<th>What impact does the application of hybrid strategies have upon the standardisation of the marketing mix and why is this the case? (RQ1)</th>
<th>How do organisations best balance the higher costs anticipated with differentiation with the lower costs associated with cost leadership when successfully integrating hybrid strategies? (RQ2)</th>
<th>What factors enable successful organisational performance when integrating hybrid strategies? (RQ3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance</td>
<td>How does your organisation internally manage the apparent paradox between, on the one hand, the economies of scale associated with larger production runs versus long-term profitability through higher sales accrued from better exploitation of different consumer needs across countries? [D]</td>
<td>How does your organisation ensure it stays cost competitive knowing that it has differentiated products that may impose higher relative cost structures? [C] What is the review process, if any, to ensure each-and-every product line is adding value as opposed to adding to a higher organisational cost structure? [D]</td>
<td>In your opinion what makes the success of this organisation greater than those of your competitors? [A] Describe the factors or characteristics that you believe are essential ingredients/factors for the organisation’s success?[B] Could you describe for me the skills, knowledge, and experience of the organisational employees? [B] What policies and/or procedures are in place to ensure that these essential factors and characteristics continue to contribute toward success? [B] How much time and/or focus is spent within the organisation ensuring staff understand the vision and mission of the organisation? [C] Do you feel this is an important difference between your organisation and your competitors in terms of aiding organisational performance? If so why? [C] Do you feel your employees offer your organisation an important competitive advantage over rival organisations? If so why? [D] In your opinion what are the key challenges or risks to the organisation’s future performance? [D]</td>
</tr>
</tbody>
</table>

Source: developed for this research.

Each of the interview questions in the above table is labelled A, B, C, or D, in order to reflect the participant interview within which the question was asked. The participant interviews are:

A. Interview questions for Human Resources, Export or Administration Manager
B. Interview questions for senior manager interview
C. Interview questions for modified Delphi interview
D. Interview questions for focus groups
Appendix 2 Field procedures and protocol

**Field procedures, protocol and questionnaires for case study research**

Procedures were developed for this research with the specific aim of ensuring data collection consistency from each of the four case study organisations. It also enabled the researcher to display a high degree of organisation and professionalism ensuring valuable organisation time was utilised effectively.

1. **Interview resources required**

<table>
<thead>
<tr>
<th>Case study resource check list</th>
<th>Circle</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case study office location map</td>
<td>yes / no</td>
</tr>
<tr>
<td>Writing material including pens, pencil, paper etc</td>
<td>yes / no</td>
</tr>
<tr>
<td>Dictaphone</td>
<td>yes / no</td>
</tr>
<tr>
<td>Spare batteries</td>
<td>yes / no</td>
</tr>
<tr>
<td>Ethics forms</td>
<td>yes / no</td>
</tr>
<tr>
<td>Organisation *1</td>
<td>yes / no</td>
</tr>
<tr>
<td>Participants *6</td>
<td>yes / no</td>
</tr>
<tr>
<td>Interview Questionnaires * 1</td>
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</tr>
<tr>
<td>Mobile phone</td>
<td>yes / no</td>
</tr>
<tr>
<td>Camera</td>
<td>yes / no</td>
</tr>
<tr>
<td>Interview agenda</td>
<td>yes / no</td>
</tr>
</tbody>
</table>

2. **Case study agenda**

   i. Case study organisation details

<table>
<thead>
<tr>
<th>Date:</th>
<th></th>
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</thead>
<tbody>
<tr>
<td>Organisation:</td>
<td></td>
</tr>
<tr>
<td>Case study No:</td>
<td></td>
</tr>
</tbody>
</table>

   ii. Welcome and thank you

   iii. Overview of interview process (explanation of below table)
Appendices

<table>
<thead>
<tr>
<th>Hybrid Strategy Case study</th>
<th>Purpose: The research will provide an explanation as to how New Zealand food exporters integrate the perceived equal emphasis of both cost leadership and differentiation strategies into their organisation and to specifically: ● Explain the effect hybrid strategies adoption will have on the marketing mix and the reasons why this will occur; ● Examine the merit in the commonly understood theory that higher costs are anticipated with differentiation, and lower costs are anticipated with cost leadership; ● Identify the key factors that support the application of hybrid strategies and enable successful organisational performance.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participant</td>
<td>Method</td>
</tr>
<tr>
<td>3-4 Senior Managers (0.5 hours)</td>
<td>Session using: Modified Delphi technique: 1. Further determine what impact the application of hybrid strategies has upon the standardisation of the marketing mix and why is this the case? 2. Further determine as to how the organisation best balances the higher costs anticipated with differentiation with the lower costs anticipated with cost leadership? 3. Further determine what factors enable successful organisational performance?</td>
</tr>
<tr>
<td>3-4 Senior Managers (1.0 hour)</td>
<td>Session using: Internal Focus Group to: 1. Further determine what impact the application of hybrid strategies has upon the standardisation of the marketing mix and why is this the case? 2. Further determine as to how the organisation best balances the higher costs anticipated with differentiation with the lower costs anticipated with cost leadership? 3. Further determine what factors enable the successful organisational performance?</td>
</tr>
</tbody>
</table>
iv. Questions to this point

v. Consents and consent signings (or collection)

vi. Further explanation of ethical considerations including: the right to withdraw, participation on an organisational level and an individual level is strictly voluntary, and confidentiality is assured. The organisation and/or any participant within the organisation are free to withdraw and to discontinue participation at any time. Tapes and transcripts from interviews with participants who choose to withdraw, will be destroyed. Each participant may also elect not to answer any questions asked. No person, other than the researcher and supervisor, will have access to the data, and no information collated in the interviews will be made public in any form, that could identify any individual. Pseudonyms will be used to protect identities.

vii. Ethics form signing or collection – organisation

viii. Ethics form signing or collection – participants

a. Dictaphone approval (as part of ethics approval)

ix. Reconfirm daily schedule and approximate timings

a. Who is attending which meetings, and location of meetings

x. Commence interviews

a. Overview interview

b. Senior managers interview

c. Modified Delphi interview

d. Focus Group interview

xi. Closure

a. Thank you

b. Ensure organisation has my contact details

   i. mobile number, e-mail address, supervisor’s e-mail address

c. Double check consent form signings

d. Reconfirm anonymity and confidentiality of research for all participants and organisation

e. Final questions
Appendices

xii. Post-interview
   a. Thank you letter
   b. Download Dictaphone recordings
   c. Write up interview transcripts inclusive of interview notes and observations

3. Detailed questionnaires
   a. Overview interview (see 2A below)
   b. Senior managers interview (see 2B below)
   c. Modified Delphi interview (see 2C below)
   d. Focus Group interview (see 2D below)

4. Interview completion and follow up
2A: Interview questions for HR, Export, or Administration Manager

Duration: 90 minutes

Date: .........../......../...........

Organisation Name: ....................................

Present:

Name: ............................................. Organisation
Title: ..............................................

Name: ............................................. Organisation
Title: ..............................................

Name: ............................................. Organisation
Title: ..............................................

Name: ............................................. Organisation
Title: ..............................................

Thank you name[s] very much for making your valuable organisational time available to me today in order that I can gather some high level insights and information about your organisation as it relates to my research study. As a reminder to you the title of my research is:

The impact of hybrid strategies on organisational performance within the New Zealand food export sector.

As outlined in the organisational and participant consent forms I do remind you that at any stage during the interview process you do not feel comfortable about answering any questions please feel free not to do so. This interview is scheduled to take up to 90 minutes and aims to seek some broad organisational background with the objective
of establishing a knowledge foundation from which the subsequent interviews will expand. I would also appreciate any freely available public information or material you may have which may add to the depth of the answers you are about to disclose.

If you are ready we can commence with question 1?

<p>| | |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>1.</td>
<td>Can you please outline to me a brief history of the organisation citing such aspects inclusive of turnover growth, employment growth, how and when did the organisation commence?</td>
</tr>
<tr>
<td>2.</td>
<td>What is the current ownership structure of the organisation? Does this differ from 3 years ago? From 5 years ago?</td>
</tr>
<tr>
<td>3.</td>
<td>Are you able to communicate to me the organisational vision and organisational values?</td>
</tr>
<tr>
<td>4.</td>
<td>Are you able to supply me with the organisational mission statement?</td>
</tr>
<tr>
<td>5.</td>
<td>Can you please draw for me the organisational reporting hierarchy?</td>
</tr>
<tr>
<td>6.</td>
<td>Is it possible to detail for me both the direct and dotted lines of authority and communication within this hierarchy?</td>
</tr>
<tr>
<td>7.</td>
<td>Is it possible to have a brief position description for each of the major management roles within the organisation?</td>
</tr>
<tr>
<td>8.</td>
<td>Could you please draw for me a plan of the office layout and department seating positions and proximity?</td>
</tr>
<tr>
<td>9.</td>
<td>Is it possible to outline to me the export intensity of the organisation e.g. % of exports in volume and dollar terms? Where (which countries) are your major export markets? (see Table 1).</td>
</tr>
<tr>
<td>10.</td>
<td>Are you able to provide an overview of the current organisational product range i.e. the number of products manufactured, the form these products take, the type and size of packaging etc?</td>
</tr>
<tr>
<td>11.</td>
<td>With the differing products noted in the question above are you able to outline if these products as manufactured are produced for singular or multi destination markets (see Table 2)? Is it possible to draw a table outlining product form by destination by % of turnover (see Table 3)?</td>
</tr>
<tr>
<td>12.</td>
<td>How often are budgets set and what are the key measures used to evaluate performance e.g. market share, unit cost, return on capital etc?</td>
</tr>
<tr>
<td>13.</td>
<td>Can you describe to me the organisational process with regard to ensuring these important KPI’s (referred to in the prior question) are measured and monitored?</td>
</tr>
<tr>
<td>14.</td>
<td>Are you able to provide some insight into the current organisational strategy? For example, who do see as your major competitors and how do you currently review</td>
</tr>
</tbody>
</table>
organisational strengths and competences to compete with these competitors?

15. In your opinion what makes the financial performance of this organisation superior to that of its direct competitors?

This completes the final question of this interview and I therefore take this opportunity to thank you for your free and valuable organisational time. If at any stage you have any future questions you wish to ask of me regarding the status and progress of this research project please do not hesitate to make contact with me directly on [phone number] or alternatively by e-mail on [e-mail address].

The tables for Interview questions for Human Resources, Export, or Administration Manager Interview are detailed below.

Table 1 Market destination

<table>
<thead>
<tr>
<th>Market Destination</th>
<th>% Volume</th>
<th>% Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 2 Product Form

<table>
<thead>
<tr>
<th>Product Form</th>
<th>Singular (S)/Multi (M) destination market</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 3 **Product form by destination**

<table>
<thead>
<tr>
<th>Product Form</th>
<th>Destination</th>
<th>% Turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

---
2B: Interview questions for senior manager interview

Duration: 90 minutes

Date:…………./………/………………

Organisation Name:…………………………

Present:

Name: ................................. Organisation
Title:........................................

Name: ................................. Organisation
Title:........................................

Name: ................................. Organisation
Title:........................................

Name: ................................. Organisation
Title:........................................

Thank you name[s] very much for making your valuable organisational time available to me today in order that I can gather some high level insights and information about your organisation as it relates to my research topic. As a reminder to you the title of my research is:

Research Title:

The impact of hybrid strategies on organisational performance within the New Zealand food export sector.

There are seven sections of questions covering background, culture and HR, structure reporting and communication, strategy, marketing / sales, strengths and challenges, markets environment and competitors and lastly organisational performance.
Appendices

As outlined in the organisational and participant consent forms, I do remind you that at any stage during the interview process you do not feel comfortable about answering any questions please feel free not to do so. This interview is scheduled to take up to 90 minutes. I would appreciate copy of any freely available public information or material you may have, which may add to the depth of the answers you are about to disclose.

Therefore if everyone is ready we can start with question 1?

1. **Background, culture and HR**
   - How would you best describe the culture of the organisation?
   - Does the organisation have a set of shared values that are visible and accepted? If so can you please describe these to me?
   - Describe the role of HR within the organisation with particular reference to employment policy
   - What type of people does the organisation attract? Why do you think they want to work here?
   - How much focus is placed on staff turnover as a key management measure?
   - Are you able to provide me with your organisation’s employee turnover %? How has this altered over time? How much focus is placed on staff turnover as a key management measure?
   - Could you describe for me the skills, knowledge, and experience of the organisational employees?
   - In your opinion what are the employee expectations and what are their attitudes toward the organisation and their jobs?

2. **Structure, reporting and communication**
   - Are you able to tell me the formal meetings your organisation requires you as senior managers to attend on a daily, weekly, monthly, and quarterly basis? What are the broad objectives of each of these meetings?
   - In your opinion does your organisation do a good or poor job of involving lower level management and line staff in the decision making aspects of the business? Why do you say this?
   - How is important and critical business information communicated across your business i.e. email, phone, formal or informal meetings etc?
   - Do you believe that your organisational structure is an important difference between your
organisation and your competitors in terms of aiding organisational performance? If so why?
- What is the dominant management style within this organisation and how is conflict resolved?

### 3. Strategy
- Are you able to briefly outline the strategy creation process your organisation undertakes i.e. to create a flow chart?
- Who is involved in the strategy creation process?
- How often and when does this process occur?
- Can you briefly outline what you consider your organisation’s current key point of difference to competitors is? In your view, is this sustainable? Why?
- In your opinions, what do you believe are the keys to this organisation’s success? Why?
- Are you able to provide me with the percentage of turnover on R&D spend? Do you feel this is an important aspect to consider when assessing the success factors of your organisation’s performance? If so why?
- Would it be correct to say that continual innovation is a key part of this organisation’s success? If yes why?
- If innovation is key to the success of this organisation, is the thrust of this innovation directed toward products, processes or marketing or other e.g. quality or service differentiation?

### 4. Marketing / Sales
- Describe how the organisation has evolved over time in terms of standardisation or adaptation of the marketing mix as it relates to price, promotion, product, and distribution.
- Describe the relationship between the marketing department and the organisational factory staff.
- Please describe for me the mindset of factory managers toward the production of multiple lines of product. How has this changed over the years?
- Describe the experience level within the marketing department staff in relation to its importance to the organisation’s success.
- With reference to key performance measures, how do you measure the marketing department performance?
- Please briefly outline the new product development process as it relates to the balancing of product differentiation and cost containment.
- What breakeven time horizon does your organisation use when considering and costing the introduction of new products?
Appendices

- How does the organisation standardise or adapt core products across major markets?
- How does the organisational advertising and promotion execution and spend vary across major markets?
- How does the organisation distribute products in differing markets?
- How does the organisation vary pricing of products across major chosen markets?

5. Strengths and Challenges
- In your opinion, what does the organisation do particularly well?
- Describe the current leadership style within the business.
- How important is the leadership style of the organisation in relation to achieving your organisational objectives and successful organisational performance?

6. Markets, environment and competitors
- Describe the environmental factors that are important when considering your organisation’s strategy e.g. economic environment, competitor environment, customer and market analysis?
- Describe how these environmental factors are incorporated into your strategic planning cycle?

7. Organisational Performance
- Describe the factors or characteristics that you believe are essential ingredients/factors for the organisation’s success?
- What policies and/or procedures are in place to ensure that these essential factors and characteristics continue to contribute toward success?
- What else, in your opinion, is particularly important to ensure the organisation continues to succeed in the future?

This completes the final question of this interview and I therefore take this opportunity to thank you for your free and valuable organisational time. If at any stage you have any future questions you wish to ask of me regarding the status and progress of this research project please do not hesitate to make contact with me directly on [enter phone number] or alternatively by e-mail on [enter e-mail address].
2C: Interview questions for modified Delphi interview

| Duration: 30 minutes |
|----------------------|------------------|
| Date:…………/……../………………. |
| Organisation Name:……………………………… |

Present:

Name: ………………………………. Organisation
Title:………………………………

Name: ………………………………. Organisation
Title:………………………………

Name: ………………………………. Organisation
Title:………………………………

Name: ………………………………. Organisation
Title:………………………………

Thank you name[s] very much for making your valuable organisational time available to me today in order that I can gather some high level insights and information about your organisation as it relates to my research topic. As a reminder to you the title of my research is:

The impact of hybrid strategies on organisational performance within the New Zealand food export sector.

The next set of questions, are to be asked using techniques drawn from an interview process known as modified Delphi. Essentially this involves me asking a set of questions and requesting that each of you write down your own answers, on the sheets provided, to each of the questions asked. Your individual answer sheets will be collected at the end of the session with the results collated and incorporated into the research project.
The modified Delphi technique is used a method to ensure triangulation of results, or in other words, to help ensure the research results have validity. I remind you again that all answers supplied to me are completely anonymous and if you feel that at any stage during the interview process you do not feel comfortable about answering any questions please feel free not to do so.

There are 12 questions within this session taking no longer than 30 minutes.

If you are all ready, we can start with the first question?

**Modified Delphi Topics**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>In your own words please describe the culture of the organisation?</td>
</tr>
<tr>
<td>2.</td>
<td>In your opinion how is the current structure of the organisation appropriate for the type of business and the competitive advantage you are seeking?</td>
</tr>
<tr>
<td>3.</td>
<td>What specifically do you expect each of the contributing departments to bring to the strategy creation process in terms of information, ideas, and general input?</td>
</tr>
<tr>
<td>4.</td>
<td>What factors or characteristics do you believe are essential ingredients for the current success of your organisation?</td>
</tr>
<tr>
<td>5.</td>
<td>How does the organisation debate internally the level of standardisation or adaptation required for products, prices, promotion, and distribution channels for the multitude of markets serviced?</td>
</tr>
<tr>
<td>6.</td>
<td>If you had to list 3 traits in the order of importance that were thought necessary for your organisation’s continued future performance what would these 3 traits be? Why?</td>
</tr>
<tr>
<td>7.</td>
<td>How much time and/or focus is spent within the organisation ensuring staff understand the vision and mission of the organisation? Do you feel this is an important difference between your organisation and your competitors in terms of aiding organisational performance? If so why?</td>
</tr>
<tr>
<td>8.</td>
<td>How does your organisation ensure it stays cost competitive knowing that it has differentiated products, that may impose higher relative cost structures?</td>
</tr>
<tr>
<td>9.</td>
<td>Please complete the following table. In terms of organisation emphasis, stated as either low, average or high, please rate the following: a. Emphasis on innovation [process]differentiation b. Emphasis on marketing differentiation c. Emphasis on quality differentiation d. Emphasis on service differentiation</td>
</tr>
</tbody>
</table>
e. Emphasis on low cost

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>10. In your opinion, could any organisation adopt a hybrid type strategy similar to your own and use it to positively influence future performance? If the answer is yes, why? If the answer is no, why not?</td>
<td></td>
</tr>
<tr>
<td>11. What else in your opinion is particularly important to ensure the organisation continues to succeed in the future?</td>
<td></td>
</tr>
<tr>
<td>12. What are the 3 major lessons you have learned as an organisation that you can now offer as advice to other food manufacturing organisations’ looking to better manage the higher costs associated with differentiated products?</td>
<td></td>
</tr>
</tbody>
</table>

This completes the final question of this interview and I therefore take this opportunity to thank you for your free and valuable organisational time. If at any stage you have any future questions you wish to ask of me regarding the status and progress of this research project please do not hesitate to make contact with me directly on [enter phone number] or alternatively by e-mail on [enter e-mail address].
2D: Interview questions for focus group

Duration: 60 minutes

Date: ……………/………/………………

Organisation Name: ……………………………

Present:

Name: ………………………………… Organisation
Title: …………………………………

Name: ………………………………… Organisation
Title: …………………………………

Name: ………………………………… Organisation
Title: …………………………………

Name: ………………………………… Organisation
Title: …………………………………

Thank you name[s] very much for making your valuable organisational time available to me today in order that I can gather some high level insights and information about your organisation as it relates to my research topic. As a reminder to you the title of my research is:

**The impact of hybrid strategies on organisational performance within the New Zealand food export sector.**

There are 12 questions which should take a total of 60 minutes. If you are ready, we can now start with question 1?
Focus group questions

| 1. | Describe how your organisation standardises or adapts core products across major markets. |
| 2. | Does your organisation believe that a customised advertising and promotion spend across major markets offers a greater return for the money spent than does a generic spend? If so why? If not why not? |
| 3. | How does your organisation internally manage the apparent paradox between, on the one hand, the economies of scale associated with larger production runs versus long-term profitability through higher sales accrued from better exploitation of different consumer needs across countries? |
| 4. | Please complete the following table. In terms of organisational emphasis please state if the below statements are true, false or partially true. The organisation has a high innovation emphasis on;  
   a. process differentiation  
   b. marketing differentiation  
   c. quality differentiation  
   d. service differentiation  
   e. low cost |
| 5. | Do you consider your advertising and marketing spend to be a strategic and valuable use of resource? If so why? |
| 6. | In your opinion, how does this organisation deal with the complexities surrounding the management of continual product differentiation? |
| 7. | In your opinion what are the key challenges or risks to the organisation’s future performance? |
| 8. | Do you feel your employees offer your organisation an important competitive advantage over rival organisations? If so why? |
| 9. | What is the review process, if any, to ensure each and every product line is adding value as opposed to adding to a higher organisational cost structure? |
| 10. | Do you consider that the organisational management team possess certain personal characteristics that lead to the organisation’s success? If so what are these personal characteristics and why are they important? |
| 11. | Can you describe the success factors for being able to design and manufacture specialty products for particular groups of customers? |
| 12. | Can you describe the process your organisation employs in order to find new ways to reduce cost without influencing the effectiveness of being able to manufacture innovative and specialty products for selected customers? |
This now completes the final question for all of the organisation interviews.

I do realise it has been a long day for many of you and I therefore take this opportunity to thank you again for your free and valuable organisational time. I again reiterate that at any stage you have any future questions you wish to ask of me regarding the status and progress of this research project please do not hesitate to make contact with me directly on [enter phone number] or alternatively by e-mail on [enter e-mail address].
Appendices

Appendix 3 Case study selection questionnaire

Organisation:

Date:

Re: Organisation case study selection questionnaire

Your organisation has expressed an interest and initial willingness to participate in a
doctorate level research project with the specific aim of understanding the potential
strategy advantages that may exist within the New Zealand food export sector. The
primary objective of the below short questionnaire, is to aid the researcher in ensuring
that four differing case study organisations are selected for the research study. The
questions asked wish to confirm the type of strategy undertaken and the size and age
of your organisation. The questionnaire should take no longer than five minutes to
complete with nine questions in total. If after viewing the below questions you wish
not to participate as a case study organisation please simply return the questionnaire in
the envelope provided by [enter due date].

Please answer all questions.

1. Does your organisation export food products, beverage products or both?

Please indicate with a cross i.e.[X]

<table>
<thead>
<tr>
<th>Type of Export Product</th>
<th>X</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food products</td>
<td></td>
</tr>
<tr>
<td>Beverage products</td>
<td></td>
</tr>
<tr>
<td>Both food and beverage products (Electing this box results in your organisation not fulfilling the required targeted research criteria and therefore completion of the questionnaire is not required. Please simply return questionnaire to sender.)</td>
<td></td>
</tr>
</tbody>
</table>
2. Does your organisation 100% own and operate its own manufacturing facility(s) where these food and or beverage products are produced? Please circle the appropriate answer below.

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Electing this box results in your organisation not fulfilling the required targeted research criteria and therefore completion of the questionnaire is not required. Please simply return questionnaire to sender.)

3. Does the strategic decision making functionality for your organisation associated with the food industry type reside in New Zealand? Please circle the appropriate answer below.

<table>
<thead>
<tr>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Electing this box results in your organisation not fulfilling the required targeted research criteria and therefore completion of the questionnaire is not required. Please simply return questionnaire to sender.)

If you answered ‘Yes’ to the above which city does this functionality reside?

Please indicate with a cross i.e. [X]

<table>
<thead>
<tr>
<th>City</th>
<th>X</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auckland</td>
<td></td>
</tr>
<tr>
<td>Hamilton</td>
<td></td>
</tr>
<tr>
<td>Wellington</td>
<td></td>
</tr>
<tr>
<td>Christchurch</td>
<td></td>
</tr>
<tr>
<td>Dunedin</td>
<td></td>
</tr>
<tr>
<td>Other (please specify)</td>
<td></td>
</tr>
</tbody>
</table>
4. Please indicate the extent to which you as an organisation, have been successful in achieving each of the following objectives in comparison to your direct competitors over the last 5 years. Please indicate where you believe your organisation would sit based on the 1-7 scale provided. A low score indicates a low success and a higher score indicates a high success in comparison to competitors.

<table>
<thead>
<tr>
<th></th>
<th>Much lower</th>
<th>Much higher</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall competitive position</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organisational performance and success</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales Growth</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employment Growth</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market Share Growth</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5. Please indicate below the current turnover of your organisation, expressed in $NZD millions. Please indicate with a cross i.e.[X]

<table>
<thead>
<tr>
<th>Turnover</th>
<th>X</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 30 $NZM</td>
<td></td>
</tr>
<tr>
<td>31 – 100 $NZM</td>
<td></td>
</tr>
<tr>
<td>100 – 500 $NZM</td>
<td></td>
</tr>
<tr>
<td>501 – 1000 $NZM</td>
<td></td>
</tr>
<tr>
<td>1001 $NZM or greater</td>
<td></td>
</tr>
</tbody>
</table>

6. Please indicate below the most appropriate box that applies to the number of employees within your organisation (at peak period). Please indicate with a cross i.e.[X]

<table>
<thead>
<tr>
<th>Number of employees</th>
<th>X</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 50 staff</td>
<td></td>
</tr>
<tr>
<td>51 – 100 staff</td>
<td></td>
</tr>
<tr>
<td>101 – 500 staff</td>
<td></td>
</tr>
<tr>
<td>501 – 1000 staff</td>
<td></td>
</tr>
<tr>
<td>1001 staff or greater</td>
<td></td>
</tr>
</tbody>
</table>
7. Please indicate below the most appropriate box that applies to the age of your organisation. Please indicate with a cross i.e. [X]

<table>
<thead>
<tr>
<th>Age of organisation</th>
<th>X</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 – 3 years</td>
<td></td>
</tr>
<tr>
<td>4 – 6 years</td>
<td></td>
</tr>
<tr>
<td>7 – 9 years</td>
<td></td>
</tr>
<tr>
<td>10 – 12 years</td>
<td></td>
</tr>
<tr>
<td>13 years or greater</td>
<td></td>
</tr>
</tbody>
</table>

8. Please indicate below the most appropriate box that applies to the % of turnover generated by export sales for your organisation. Please indicate with a cross i.e. [X]

<table>
<thead>
<tr>
<th>% of exports</th>
<th>X</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 – 20%</td>
<td></td>
</tr>
<tr>
<td>21 – 40%</td>
<td></td>
</tr>
<tr>
<td>41 – 60%</td>
<td></td>
</tr>
<tr>
<td>61 – 80%</td>
<td></td>
</tr>
<tr>
<td>81 – 100%</td>
<td></td>
</tr>
</tbody>
</table>
9. Please indicate the extent to which you believe your organisation focuses on each of the below in comparison to your direct competitors. A low score indicates a low focus and a higher score indicates a high focus, in comparison to competitors.

| Emphasis on building strong brand identification | Much lower |  |  |  |  |  |  |
|-----------------------------------------------|------------|---|---|---|---|---|
| Emphasis on production capacity utilisation   |            |   |   |   |   |   |
| Emphasis on tight control of selling general administration expenses |            |   |   |   |   |   |
| Intensity of advertising and marketing        |            |   |   |   |   |   |
| Emphasis on efficiency of securing raw material or competitors e.g. bargaining down the purchase price |            |   |   |   |   |   |
| Emphasis on developing and utilising sales force |            |   |   |   |   |   |
| Rate of new product introduction to market    |            |   |   |   |   |   |
| Emphasis on finding new ways to reduce costs e.g. standardising the product or increasing the economies of scale |            |   |   |   |   |   |
| Emphasis on the number of new products offered to the market |            |   |   |   |   |   |
| Emphasis on new product development or existing product adaptation to better serve customers |            |   |   |   |   |   |
| Emphasis on the capability to manufacture specialty products for particular groups of customers |            |   |   |   |   |   |
| Emphasis on operating efficiency e.g. productivity in production or efficiency in outbound logistics |            |   |   |   |   |   |
| Emphasis on price competition i.e. offering competitive prices |            |   |   |   |   |   |

Questionnaire completed. Please ensure you have answered all 9 questions. Thank you for taking the time to complete this questionnaire. Please place the full questionnaire in the return address envelope provided and return by [enter return date].

Contact name: ________________________________

Position in Organisation: ________________________________
Note: The contact name and address is only necessary to ensure the researcher is able to reply directly to the organisation’s nominated point of contact. As previously stated, confidentially of both individuals and organisations is assured.

**Ethical Aspects of the Research**

The ethical aspects of this research have been approved by the Southern Cross University Human Research Ethics Committee (HREC). The Approval Number is [enter ECN approval number].

If you have any complaints or reservations about any ethical aspect of your participation in this research, you may contact the Committee through the Ethics Complaints Officer, Ms S. Kelly, [enter phone number, enter fax number, enter email address].

Any complaint you make will be treated in confidence and investigated and you will be informed of the outcome.

**Issues and Questions**

My research is being conducted under the supervision of Dr Jacqueline Parisi. If any issues or questions are raised as a result of your participation in this research please contact Dr Jacqueline Parisi, [enter phone number], Email: [enter e-mail address].

Alister King, DBA Candidate
Graduate College of Management
Southern Cross University

Telephone: [enter phone number] (home); [enter phone number] (mobile)
Email: [enter e-mail address]
Appendix 4: Research participation letter

Date:

Re: Organisation Research Request

I am writing to request that your organisation be willing to participate in a doctorate-level research project with the specific aim of understanding the potential strategy advantages that may exist within the New Zealand food export sector. Having always worked within the food export sector this topic is of immense interest to me, specifically around the area of how organisations organise themselves when mixing strategy methods i.e. how do organisations combine low cost strategies with differentiation strategies and out-perform competitors. The research topic is:

*The impact of hybrid strategies on organisational performance within the New Zealand food export sector.*

**Context**

I am undertaking the research to meet the requirements for the DBA degree (Doctorate in Business Administration) through Southern Cross University, under the supervision of Dr Jacqueline Parisi.

The aim of this research is to provide an explanation as to how New Zealand food exporters integrate a perceived equal emphasis of both cost leadership and differentiation generic strategies into their organisation and to specifically:

- Explain the effect that hybrid strategy adoption will have on the marketing mix and the reasons why this will occur;
- Examine the merit in the commonly understood theory that higher costs are anticipated with differentiation, and lower costs are anticipated with cost leadership;
- Identify the key factors that support the application of hybrid strategies and enable successful organisational performance.
The research methodology is qualitative, applied research. The research will use a case study approach to describe hybrid strategy usage in four organisations in the New Zealand food export sector. Information will be gathered through interviews and focus groups.

The purpose of this research is to understand how New Zealand organisations operating within the food export sector integrate cost leadership and differentiation strategies and to highlight the key enablers attributed to the organisation’s success.

**Organisation Case study Selection**

The proposal is to select four appropriate case study organisations. In terms of participant involvement, it is expected that the total time taken will amount to approximately four hours of organisational time. The four participating organisations will each receive a copy of the thesis once complete.

Participation in the research, at an organisational level and an individual level, is strictly voluntary and your confidentiality is assured. If your organisation decides to participate, the organisation and/or any participant within your organisation are free to withdraw and to discontinue participation at any time. Tapes and transcripts from an interview with a participant who chooses to withdraw will be destroyed. Each participant may also elect not to answer any questions asked. No person, other than the researcher and supervisor, will have access to the data and no information collated in the interviews will be made public in any form that could identify any individual. Pseudonyms will be used to protect your identity.

I would greatly appreciate your organisation considering the opportunity of participating within this research project. If your organisation perceives value in this research, is a current food exporter, owns and operates its own manufacturing facility, has strategic decision making functionality residing in New Zealand and would be keen to participate as a potential case study organisation, I would appreciate that your organisation takes the time to complete the enclosed 5 minute questionnaire. Once completed please place the questionnaire into the self-addressed envelope provided and return by [enter return date].
The objective of this initial questionnaire is to aid the researcher to select an appropriately diverse case study sample of four New Zealand food export organisations. Within four weeks of questionnaire submission, the researcher will confirm in writing if your organisation has been accepted as a potential participant for this research.

If your organisation answers ‘yes’ to any of the statements below, then please place a tick in the relevant box (see below) and return the research material in the self-addressed envelope provided by [enter return date]:

- You are not a current exporter of food products;
- You do not own and operate a manufacturing facility;
- You have strategic decision making functionality that resides outside of New Zealand;
- You do not consider this research project of value;
- You wish not to, or cannot proceed as a potential case study organisation.

**Ethical Aspects of the Research**

The ethical aspects of this research have been approved by the Southern Cross University Human Research Ethics Committee (HREC). The Approval Number is [enter ECN approval number].

If you have any complaints or reservations about any ethical aspect of your participation in this research, you may contact the Committee through the Ethics Complaints Officer, Ms S. Kelly, [enter phone number, enter fax number, enter email address]. Any complaint made will be treated in confidence and investigated, and you will be informed of the outcome.
Issues and Questions

My research is being conducted under the supervision of Dr Jacqueline Parisi. If any issues or questions are raised as a result of your participation in this research please contact Dr Jacqueline Parisi, [enter phone number], Email: [enter e-mail address]

Alister King, DBA Candidate
Graduate College of Management
Southern Cross University
Telephone: [enter phone number] (home); [enter phone number] (mobile)
Email: [enter e-mail address]

Organisation is not a current exporter of food products, does not own and operate a manufacturing facility, has strategic decision making functionality that resides outside of New Zealand, or does not consider this research project of value and consequently does not wish to proceed as a potential case study organisation.
Appendix 5 Confirmation letter for participating organisations

Date:

Organisation:

To whom it may concern,

Recently your organisation expressed an interest and desire to participate in the below research topic as a potential case study organisation.

*The impact of hybrid strategies on organisational performance within the New Zealand food export sector.*

I am very pleased to advise you that your organisation has been selected as one of four appropriate research case study organisations. As the time is now rapidly approaching Christmas with the associated holiday season, I thought it appropriate that I make contact with you again toward the end [enter date]. At this time, I will provide additional relevant research information in conjunction with arranging suitable possible interview timings.

Participation in the research, on an organisational level and an individual level, is strictly voluntary and your confidentiality is assured. The organisation and/or any participant within your organisation are free to withdraw and to discontinue participation at any time. Tapes and transcripts from an interview with a participant who chooses to withdraw, will be destroyed. Each participant may also elect not to answer any questions asked. No person, other than the researcher and supervisor, will have access to the data and no information collated in the interviews will be made public in any form that could identify any individual. Pseudonyms will be used to protect your identity.
Ethical Aspects of the Research

The ethical aspects of this research have been approved by the Southern Cross University Human Research Ethics Committee (HREC). The Approval Number is [enter ECN approval number].

If you have any complaints or reservations about any ethical aspect of your participation in this research, you may contact the Committee through the Ethics Complaints Officer, Ms S. Kelly, [enter phone number, enter fax number, enter email address].

Any complaint you make will be treated in confidence and investigated, and you will be informed of the outcome.

Issues and Questions

My research is being conducted under the supervision of Dr Jacqueline Parisi. If any issues or questions are raised as a result of your participation in this research please contact Dr Jacqueline Parisi, [enter phone number], Email: [enter e-mail address]

Alister King, DBA Candidate

Graduate College of Management

Southern Cross University

Telephone: [enter phone number] (home); [enter phone number] (Mobile)

Email: [enter e-mail address]
Appendices

Appendix 6 Research information letter

Date:

Re: Case study organisation research information

To:

I am writing to first thank you for your organisation’s willingness to be involved as a case study participant in a doctorate level research project with the specific aim of understanding the potential strategy advantages that may exist within the New Zealand food export sector. Secondly, it is timely to re-confirm the research title, context and primary purpose of the research as well as advise some additional relevant participation information. Lastly, this e-mail should also contain two further word attachments. The first document details the process of informed consent for the organisation and the second document confirms the process of informed consent for interviews and focus groups.

At this early stage, I ask that you review both of the consent documents, as these will need to be dated and signed once I am on onsite at your organisation and subsequent to us having agreed a suitable meeting timetable.

As a reminder the tentative research topic is:

_The impact of hybrid strategies on organisational performance within the New Zealand food export sector._

**Context**

I am undertaking research to meet the requirements for the DBA degree (Doctorate in Business Administration) through Southern Cross University, under the supervision of Dr Jacqueline Parisi. The primary driver of this research is to seek an understanding of potential strategy advantages that may exist within the New Zealand food export sector.
The aim of this research is to provide an explanation as to how New Zealand food exporters integrate a perceived equal emphasis of both cost leadership and differentiation generic strategies into their organisation and to specifically:

- Explain the effect that hybrid strategy adoption will have on the marketing mix and the reasons why this will occur;
- Examine the merit in the commonly understood theory that higher costs are anticipated with differentiation, and lower costs are anticipated with cost leadership;
- Identify the key factors that support the application of hybrid strategies and enable successful organisational performance.

The research methodology is qualitative, applied research. The research will use a case study approach to describe hybrid strategy usage in four organisations in the New Zealand food export sector. Information will be gathered through interviews and focus groups.

The primary purpose of this research is to first understand how New Zealand organisations operating within the food export sector integrate the simultaneous pursuit and perceived equal emphasis of both cost leadership and differentiation strategies into their organisation. Secondly, the research will highlight the key enablers that these same organisations believe attribute to their organisation’s success.

The research will add to existing theory in two areas. The first addition will be regarding the inter-relationships between hybrid generic and export marketing strategy and the linkages to standardisation of elements of the marketing mix and to organisational success. The second addition to theory will be the contribution to a greater understanding of how organisations simultaneously integrate dual generic strategies particularly within the confines of organisational structure, management, culture, and external enablers.
Primary research questions

I am particularly interested in your organisation. I am interested to understand:

- What impact does the application of hybrid strategies have upon the standardisation of the marketing mix and why is this the case?
- How do organisations best balance the higher cost anticipated with differentiation with the lower costs associated with cost leadership when successfully integrating hybrid strategies?
- What factors enable successful organisational performance when integrating hybrid strategies?

This aspect of the research involves:

- Documentation of organisation information and archival records,
- Introductory interview with administration or export marketing manager,
- Recorded individual interview with 2-3 senior staff,
- Focus group session with 3-4 key senior staff.

Methods & Participant Involvement

The table below outlines the method, time required, resources, and risks required of participant organisations. Please note that the interviews will be recorded on audio tape with your permission. However, you are free to request that interviews not be taped, and in this case, I will request permission to take notes during the interview.

<table>
<thead>
<tr>
<th>Participant</th>
<th>Methods</th>
<th>Time Required</th>
<th>Location</th>
<th>Participant Risks &amp; Mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration person or export manager in your organisation</td>
<td>1. Collect documentation/archival records to determine the characteristics of the organisation</td>
<td>Up to 1.5 hours (maximum)</td>
<td>On-site at your organisation</td>
<td>Time of Admin resource</td>
</tr>
</tbody>
</table>
## Methods & Participant Involvement

<table>
<thead>
<tr>
<th>Participant</th>
<th>Methods</th>
<th>Time Required</th>
<th>Location</th>
<th>Participant Risks &amp; Mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2-3 Senior Managers</td>
<td>2. Recorded individual interview to:</td>
<td>Up to 1.5 hours (maximum)</td>
<td>On-site at organisation</td>
<td>Time of Senior Manager&lt;br&gt;Manager may wish to keep views confidential&lt;br&gt;&lt;br&gt;<strong>Mitigation:</strong> views and responses will therefore be anonymous.</td>
</tr>
<tr>
<td></td>
<td>Seek understanding within the following areas:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• What impact does the application of hybrid strategies have upon the standardisation of the marketing mix and why is this the case?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• How does your organisation best balance the higher costs anticipated with differentiation with the lower costs associated with cost leadership when successfully integrating hybrid strategies?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• What factors enable the successful organisational performance when integrating hybrid strategies?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior Managers and any other key staff (3-4 in total)</td>
<td>Modified Delphi and Focus Group Session to:</td>
<td>One 1.5 hour (maximum) session for participants collectively</td>
<td>On-site at organisation</td>
<td>Time of Managers&lt;br&gt;Manager may wish to keep views confidential&lt;br&gt;&lt;br&gt;<strong>Mitigation:</strong> views and responses will therefore be anonymous.</td>
</tr>
<tr>
<td></td>
<td>Seek further understanding within the following areas:</td>
<td></td>
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<tr>
<td></td>
<td>• What impact does the application of hybrid strategies have upon the standardisation of the marketing mix and why is this the case?</td>
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<tr>
<td></td>
<td>• How do organisations best balance the higher costs anticipated with differentiation with the lower costs associated with cost leadership when successfully integrating hybrid strategies?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• What factors enable the successful organisational performance when integrating hybrid strategies?</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Confidentiality, Anonymity and Right to Withdraw

Participation in the research, on an organisational level and an individual level, is strictly voluntary and your confidentiality is assured. If your organisation decides to participate, the organisation and/or any participant within your organisation are free to withdraw and to discontinue participation at any time. Tapes and transcripts from an interview with a participant who chooses to withdraw, will be destroyed. Each participant may also elect not to answer any questions asked. No person, other than the researcher and supervisor, will have access to the data and no information collated
in the interviews will be made public in any form that could identify any individual. Pseudonyms will be used to protect your identity.

Ethical Aspects of the Research

The ethical aspects of this research have been approved by the Southern Cross University Human Research Ethics Committee (HREC). The Approval Number is [enter ECN approval number].

If you have any complaints or reservations about any ethical aspect of your participation in this research, you may contact the Committee through the Ethics Complaints Officer, Ms S. Kelly, [enter phone number, enter fax number, enter email address]. Any complaint you make will be treated in confidence and investigated, and you will be informed of the outcome.

Issues and Questions

My research is being conducted under the supervision of Dr Jacqueline Parisi who is affiliated to Southern Cross University Lismore, Australia. If issues or questions are raised as a result of your participation in this research please contact Dr Jacqueline Parisi, [enter phone number], Email: [enter e-mail address].

Alister King, DBA Candidate

Graduate College of Management

Southern Cross University

Telephone: [enter phone number]

Email: [enter e-mail address]
Appendix 7 Informed consent to participate – organisation

Organisation Informed Consent Form

Informed Consent to Participate in a Research Project

Research Title:

*The impact of hybrid strategies on organisational performance within the New Zealand food export sector.*

**Researcher:** Alister King, DBA Candidate, Southern Cross University, [enter e-mail address]

On behalf of [Organisation]:

- I agree to the organisation participating in the above research project.
- I have read and understand the details contained in the Information Sheet.
- I have had the opportunity to ask questions about the research and I am satisfied with the answers received. I understand that each invited individual participant within the organisation, has the right to participate, not participate or withdraw from participation part way through the process, if she/he chooses to do so.
- I understand that the organisation is free to discontinue participation at any time and I have been informed that prior to data analysis, any data that has been gathered before withdrawal of this consent will be destroyed.
- I understand that neither the organisation’s name, nor any identifying information will be disclosed or published, except with my permission. I understand that the Southern Cross University’s Ethics Committee has approved this project.
- I am aware that I can contact the researcher at any time after the interview. If I have any further questions about this research I am free to contact Jacqueline Parisi, on: [enter phone number], or e-mail: [enter e-mail address].
- I understand that I will be given a copy of this form to keep.
I have read the information above and agree to participate in this research. I am over the age of 18 years.

Name of Participating Organisation: ............................................................

Signature of Representative: .................................................................

Date: .........................................................

I certify that the terms of the Consent Form have been verbally explained to the representative of the organisation and that the representative appears to understand the terms prior to signing the form.

Signature of Witness (independent of the research, where possible):

Name of Witness: ............................................................

Signature of Witness: .................................................................

Date: .........................................................

The ethical aspects of this research have been approved by the Southern Cross University Human Research Ethics Committee (HREC). The Approval Number is [enter ECN approval number].

If you have any complaints or reservations about any ethical aspect of your participation in this research, you may contact the Committee through the Ethics Complaints Officer, Ms S. Kelly, [enter phone number, enter fax number, enter email address]. Any complaint you make will be treated in confidence and investigated, and you will be informed of the outcome.
Appendices

Appendix 8 Informed consent to participate – individual

Informed Consent Form

Informed Consent to Participate in a Research Project

For Interview and Focus Group Participants

Research Title:

*The impact of hybrid strategies on organisational performance within the New Zealand food export sector.*

**Researcher:** Alister King, DBA Candidate, Southern Cross University, [enter e-mail address]

- I agree to participate in the above research project.
- I have read and understand the details contained in the Information Sheet.
- I have had the opportunity to ask questions about the research and I am satisfied with the answers received.
- I agree to this meeting being recorded on audiotape.
- I understand that I will be given a copy of this form to keep on record.
- I understand that I am free to discontinue participation at any time and I have been informed that prior to data analysis, any data that has been gathered before withdrawal of this consent will be destroyed.
- I understand that neither my name nor any identifying information will be disclosed or published, except with my permission.
- I understand that the Southern Cross University’s Ethics Committee has approved this project.
- I am aware that I can contact the researcher at any time after the interview. If I have any further questions about this research I am free to contact Jacqueline Parisi, on: [enter phone number], or e-mail: [enter e-mail address].
- I understand that I will be given a copy of this form to keep.

*I have read the information above and agree to participate in this research. I am over the age of 18 years.*
Name of Participant: ..............................................................

Signature of Participant: ......................................................

Date: ........../............/.......... ................

I certify that the terms of the Consent Form have been verbally explained to the participant and that the participant appears to understand the terms prior to signing the form.

Signature of Witness (independent of the research, where possible):

Name of Witness: ..............................................................

Signature of Witness: ..........................................................

Date: ........../............/.......... ................

The ethical aspects of this research have been approved by the Southern Cross University Human Research Ethics Committee (HREC). The Approval Number is [enter ECN approval number].

If you have any complaints or reservations about any ethical aspect of your participation in this research, you may contact the Committee through the Ethics Complaints Officer, Ms S. Kelly, [enter phone number, enter fax number, enter email address]. Any complaint you make will be treated in confidence and investigated, and you will be informed of the outcome.
Appendix 9 Case study confirmations of interview and focus group timings

Date:

Organisation:

Phone Call Transcript

Hello (name),

Thank you for your time and willingness to participate as a case study organisation within the research project entitled:

The impact of hybrid strategies on organisational performance within the New Zealand food export sector.

I fully appreciate your organisation’s time and effort over the coming time period, as I am aware that spare managerial time is a scarce and precious resource.

With the means to ensuring your organisational time and resource commitments best match the scheduled timings for the research interview and focus group days can I ask you your most suitable dates.

Scheduled or nominated dates: _____ / _____ and _____ / _____.

If you would prefer to call me back or alternatively confirm the dates by email then this is perfectly acceptable. Thank you again and I look forward to meeting you and your fellow management team members.

OR

Thank you again and I look forward to hearing from you over the next couple of days with regard to the best and most suitable timing for the interviews and focus group sessions.

End
Appendix 10 Organisation non-selection letter

Date:

Organisation:

To (organisation principal),

Recently your organisation expressed an interest and desire to participate in the below research topic as a potential case study organisation.

_The impact of hybrid strategies on organisational performance within the New Zealand food export sector._

I am very disappointed to advise that your organisation has unfortunately not been selected as one of four appropriate research case study organisations. It is important to note that this non-acceptance is in no way a reflection of your highly successful organisation but rather it reflects the research criteria that constrained the selection process. I take this opportunity to again thank you for all of your management time to date and I wish your organisation all the very best for the future.

Kind regards

Alister King, DBA Candidate

Graduate College of Management

Southern Cross University

Telephone: [enter phone number] (home); [enter phone number] (Mobile)

Email: [enter e-mail address].
Appendices

Appendix 11 Organisation and individual participant thank you letter

Date:

Organisation:

To (organisation principal),

Recently your organisation participated in the below research project as a willing case study partner.

The impact of hybrid strategies on organisational performance within the New Zealand food export sector.

I am writing therefore to thank you and all other enthusiastic organisation team participants, including (enter organisation participants) for their precious time and willingness to share the sensitive nature of the information involved.

In all aspects, your organisation was a pleasure to deal with and I commend you all on the professional, honest, and ethical responses to the case study interviews and focus group sessions. I again reiterate that in the final writing up of the thesis your organisation and individual confidentiality is assured, with pseudonyms being used to protect identities. All tapes and transcripts from the conducted interviews are to be destroyed. I do welcome any questions over the coming months regarding the status of the research project at the completion of which your organisation is to receive a free copy.

Thank you again and I wish your organisation all the very best of success in the coming years.

Alister King, DBA Candidate

Graduate College of Management

Southern Cross University

Telephone: [enter phone number] (home); [enter phone number] (Mobile)

Email: [enter e-mail address].
Section B:

Appendix 12 Participating organisation case study backgrounds

Case Study A

Incorporated in 1995 this organisation now employs approximately 45 staff and has a turnover of NZ$8.5m. Having initially been owned by a husband and wife, the organisation now consists of five individual and private shareholders. There is still a small family shareholding (20%) with the balance of the shares now held by new outside investors with a minority percentage owned by the organisational General Manager. The organisation owns and operates a single production site with 24% of turnover generated by export sales. The primary markets for these exports are Australia, Japan, and the United States. The balance of the turnover is accounted for by sales to retail chains within the New Zealand domestic market. The factory produces up to a total of 28 differing products over any period of time. The organisation possesses a small, highly knowledgeable management team operating within a flat management structure environment. Each contributing manager offers a unique set of skills to the business with all senior managerial positions reporting to the General Manager. The organisational management structure is presented in Appendix figure 1.

Appendix figure 1 Case Study A management organisational structure

Source: developed for this research.
Case Study B

This organisation was incorporated in 1944. The organisation has grown from an initial turnover of NZ$0.25m to over NZ$25.0m as at 2013. The organisation owns and operates its own product manufacturing facility. The organisation employs 90 permanent staff, with staff numbers peaking at 110 during the months of December through until the end of February. The business is family-owned, however it does have two salaried employee shareholders both residing within the current management team.

The organisation produces over 25 individual product lines through three separate factory environments. Exports account for 25% of the total organisational turnover, with the balance of the product being sold to retail stores, on the New Zealand domestic market. The primary export markets include China, Japan, United States, Singapore, Hong Kong, Australia, and the United Arab Emirates. The organisation possesses a small, highly knowledgeable management team with each individual contributing a unique set of skills to the business. The organisational management structure is presented in Appendix figure 2.

Appendix figure 2 Case Study B management organisational structure

Source: developed for this research.
Case Study C

Organisation C commenced operation as a family-owned business in the early 1970’s. It continues today to be run as a family-owned business with the organisation now employing 18 permanent factory staff operating within the one processing facility managed by a small, experienced management team. Turnover has grown to a total of NZ$5m. The organisation packs a total of 11 different products and exports up to 60% of this production to a variety of global markets.

The major export markets include Japan, Vietnam, and Australia. The organisation operates with a flat, informal management structure without the need for a Board of Directors or governance committee. The factory and all management staff are located on the one site. The organisational management structure is presented in Appendix figure 3.

Appendix figure 3 Case Study C management organisational structure

Source: developed for this research.
Case Study D

Organisation D was incorporated in 1837. Rapid growth has been driven principally by a number of small, strategic amalgamations. All production occurs at the one specialised processing site and the organisation is proud of its long-standing record of achievement, that being able to double its production capacity every 8 years. The organisation has a turnover of NZ$600m – NZ$700m and employs over 400 management and factory staff. A formal management team of seven staff, inclusive of the Chief Executive Officer, operates under a functioning Board of Directors consisting of 10 members. Approximately 80-85% of all production is exported to over 40 countries worldwide.

Major export markets include China, Japan, Europe, and Mexico. The organisation packs product for export under four main brands with a range of over 20 differing product streams produced. All organisational management operates from the one site, excluding sales and marketing, which functions as part of the management team at a separate geographic location. The organisational management structure is presented in Appendix figure 4.

Appendix figure 4 Case Study D management organisational structure

Source: developed for this research.
## Case study background summary

### Appendix table 1 Participating case study organisation summary

<table>
<thead>
<tr>
<th>Case study alpha code</th>
<th>Current Turnover ($NZM)</th>
<th>Current Employees</th>
<th>Organisation Age (years)</th>
<th>% of turnover generated by export sales</th>
<th>Different product lines</th>
<th>Number of export markets</th>
<th>Comments</th>
</tr>
</thead>
</table>
| A                     | 0-30                    | 0-50              | 13+                      | 21-40                                  | 28                      | 4                         | • 28 different product lines  
• Skilled and knowledgeable management team  
• All management and factory staff reside on same site  
• 20% family owned  
• Flat management structure  
• Exports to four countries |
| B                     | 0-30                    | 51-100            | 13+                      | 5-20                                   | 25                      | 6                         | • 25 different product lines  
• Skilled and knowledgeable management team  
• All management and factory staff reside on same site  
• Majority family-owned  
• Flat management structure  
• Exports to six countries |
| C                     | 0-30                    | 0-50              | 13+                      | 41-60                                  | 11                      | 3                         | • 18 factory staff  
• All management and factory staff reside on same site  
• Small intimate experienced management team  
• Family owned business  
• Very flat management structure  
• No management board  
• 11 different product lines  
• Exports to three countries |
| D                     | 1001+                   | 101-500           | 13+                      | 81-100                                 | 50+                     | 40+                       | • 85% of product exported to over 40 countries  
• 50+ different lines  
• Large, formal management structure  
• Specialised, knowledgeable management team  
• Sales and marketing team reside on different site  
• 10 member Board |
Appendices

Appendix 13 Case study and participant transcript database (excerpt only – 4 of 99 pages)

Coloured key codes for interview participant interview data category codes

<table>
<thead>
<tr>
<th>Category Grouping</th>
<th>Alpha</th>
<th>Colour Key</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product Range</td>
<td>A</td>
<td>Subset of Marketing Mix</td>
</tr>
<tr>
<td>Promotions</td>
<td>B</td>
<td>Subset of Marketing Mix</td>
</tr>
<tr>
<td>Marketing Mix</td>
<td>C</td>
<td>Marketing Mix</td>
</tr>
<tr>
<td>Packaging</td>
<td>D</td>
<td>Subset of Marketing Mix</td>
</tr>
<tr>
<td>Managerial Factors</td>
<td>E</td>
<td>Managerial Factors</td>
</tr>
<tr>
<td>Business Strategy</td>
<td>F</td>
<td>Business Strategy</td>
</tr>
<tr>
<td>Customer Relationships</td>
<td>G</td>
<td>Customer Relationships</td>
</tr>
<tr>
<td>Pricing Policy</td>
<td>H</td>
<td>Subset of Marketing Mix</td>
</tr>
<tr>
<td>Internal Communication</td>
<td>I</td>
<td>Internal Communication</td>
</tr>
<tr>
<td>Innovation</td>
<td>J</td>
<td>Innovation</td>
</tr>
<tr>
<td>Factory Efficiency and Flexibility</td>
<td>K</td>
<td>Factory Efficiency AND Flexibility</td>
</tr>
<tr>
<td>Cost Control</td>
<td>L</td>
<td>Cost Control</td>
</tr>
<tr>
<td>Distribution</td>
<td>M</td>
<td>Subset of Marketing Mix</td>
</tr>
<tr>
<td>Business Process</td>
<td>N</td>
<td>Business Process</td>
</tr>
<tr>
<td>Organisational Culture</td>
<td>O</td>
<td>Organisational Culture</td>
</tr>
<tr>
<td>External Factors</td>
<td>P</td>
<td>External Factors</td>
</tr>
<tr>
<td>Organisational Structure</td>
<td>Q</td>
<td>Organisational Structure</td>
</tr>
</tbody>
</table>

Source: developed for this research.
<table>
<thead>
<tr>
<th>ID</th>
<th>Case Study Comments</th>
<th>Core Category</th>
<th>Secondary Category 1</th>
<th>Secondary Category 2</th>
<th>Code Number</th>
<th>RQ1</th>
<th>RQ2</th>
<th>RQ3</th>
<th>Memos (if relevant)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1000</td>
<td>We have about 14 different product SKU’s.</td>
<td>Marketing Mix</td>
<td>Product range</td>
<td></td>
<td>C1Aa</td>
<td>Y</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1001</td>
<td>Our products are produced for multi-destination markets however there is product specialisation for customers within that overall framework.</td>
<td>Marketing Mix</td>
<td>Product range</td>
<td></td>
<td>C1Ab</td>
<td>Y</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1002</td>
<td>Our promotions are fairly standard.</td>
<td>Marketing Mix</td>
<td>Promotions</td>
<td></td>
<td>C1Ba</td>
<td>Y</td>
<td></td>
<td></td>
<td>Not big users of promotions and most are of a generic nature.</td>
</tr>
<tr>
<td>1003</td>
<td>We do try to align our advertising and promotional execution across markets.</td>
<td>Marketing Mix</td>
<td>Promotions</td>
<td></td>
<td>C1Bb</td>
<td>Y</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1004</td>
<td>It is tough to create a marketing campaign to cut across all markets and get it right.</td>
<td>Marketing Mix</td>
<td>Promotions</td>
<td></td>
<td>C1Bc</td>
<td>Y</td>
<td></td>
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<td></td>
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<tr>
<td>1005</td>
<td>Your marketing programme is always going to be more successful if it is tailor-made for markets but at the end of the day it all comes down to cost, your agency costs and your development costs etc.</td>
<td>Marketing Mix</td>
<td>Promotions</td>
<td>Cost Control</td>
<td>C1Bd</td>
<td>Y</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>1006</td>
<td>Successful advertising and promotion requires you to think about what messages are important for which markets and leveraging those very same messages.</td>
<td>Marketing Mix</td>
<td>Promotions</td>
<td></td>
<td>C1Be</td>
<td>Y</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1007</td>
<td>As markets have different product life-cycle stages it is difficult to have a generic advertising and promotional spend.</td>
<td>Marketing Mix</td>
<td>Promotions</td>
<td></td>
<td>C1Da</td>
<td>Y</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1008</td>
<td>We aim to keep our marketing mix fairly standard but this is not</td>
<td>Marketing Mix</td>
<td></td>
<td></td>
<td>C1Bf</td>
<td>Y</td>
<td></td>
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### Appendices

<table>
<thead>
<tr>
<th>ID</th>
<th>Case Study Comments</th>
<th>Core Category</th>
<th>Secondary Category 1</th>
<th>Secondary Category 2</th>
<th>Code Number</th>
<th>RQ1</th>
<th>RQ2</th>
<th>RQ3</th>
<th>Memos (if relevant)</th>
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<td>1009</td>
<td>Distribution channels within NZ are exactly the same. Our export markets are all</td>
<td>Marketing Mix</td>
<td>Distribution</td>
<td></td>
<td>C1Bg</td>
<td></td>
<td></td>
<td></td>
<td>Non-export product however domestic product produced within the same factory.</td>
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<tr>
<td></td>
<td>similar in nature also and therefore we do not have to think about varying in-market</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>distribution systems.</td>
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<tr>
<td>1010</td>
<td>We need to vary pricing across markets as our market price points do vary.</td>
<td>Marketing Mix</td>
<td>Pricing Policy</td>
<td></td>
<td>C1Db</td>
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<td>1011</td>
<td>Our packaging helps differentiate us and is a contributor to the number of SKU’s we</td>
<td>Marketing Mix</td>
<td>Packaging</td>
<td>Product range</td>
<td>C1Bh</td>
<td></td>
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<td></td>
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<tr>
<td>1012</td>
<td>The packaging is driven by the retailer who requires different price-points.</td>
<td>Marketing Mix</td>
<td>Packaging</td>
<td>Pricing Policy</td>
<td>C1Bi</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1013</td>
<td>I do not think we would have gone there if not forced by the retailer. They would</td>
<td>Marketing Mix</td>
<td>Packaging</td>
<td></td>
<td>C1Bj</td>
<td></td>
<td></td>
<td></td>
<td>In relation to the variety and complexity of packaging required by retailers.</td>
</tr>
<tr>
<td></td>
<td>have just said ‘too bad.’</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
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<td>1014</td>
<td>We have different products and packaging in different markets. It is all determined</td>
<td>Marketing Mix</td>
<td>Packaging</td>
<td></td>
<td>C1Bk</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>by the retailer and what competitors are packing.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>1015</td>
<td>We pack into different packs for different markets but our flavours are essentially</td>
<td>Marketing Mix</td>
<td>Packaging</td>
<td>Factory Efficiency</td>
<td>C1Dc</td>
<td></td>
<td></td>
<td></td>
<td>To differentiate both packaging size and flavours is not really a financial</td>
</tr>
<tr>
<td></td>
<td>the same.</td>
<td></td>
<td></td>
<td>AND Flexibility</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>option due to factory cost constraints.</td>
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<tr>
<td>ID</td>
<td>Case Study Comments</td>
<td>Core Category</td>
<td>Secondary Category 1</td>
<td>Secondary Category 2</td>
<td>Code Number</td>
<td>RQ1</td>
<td>RQ2</td>
<td>RQ3</td>
<td>Memos (if relevant)</td>
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</tr>
<tr>
<td>1016</td>
<td>There is no doubt we try to standardise pack size where we can but retailers always make the final decision. It is about what suits them.</td>
<td>Marketing Mix</td>
<td>Packaging</td>
<td></td>
<td>C1Dd</td>
<td></td>
<td>Y</td>
<td></td>
<td>This is a constant internal management issue with regard to the balancing of factory constraints versus retailer requirements.</td>
</tr>
<tr>
<td>1017</td>
<td>You need to be mindful of trade-offs when standardising packaging for various markets. What you gain in factory efficiencies you may then lose in retailer perception of the product.</td>
<td>Marketing Mix</td>
<td>Packaging</td>
<td>Factory Efficiency AND Flexibility</td>
<td>C1De</td>
<td>Y</td>
<td></td>
<td></td>
<td>Really important trade-off</td>
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<tr>
<td>1018</td>
<td>Slow print runs for packaging slow your response rate to client requests.</td>
<td>Marketing Mix</td>
<td>Packaging</td>
<td></td>
<td>C1Df</td>
<td></td>
<td>Y</td>
<td></td>
<td>Retailers expect quick decisions to be made with packaging timeliness a critical part of the process. Can sometimes be what is thought of last!</td>
</tr>
<tr>
<td>1019</td>
<td>If your packaging is not standardised then you are faced with higher factory costs whenever you change production runs. This is a constant problem for us as customers continually request tailor-made products which requires different packaging.</td>
<td>Marketing Mix</td>
<td>Packaging</td>
<td>Cost Control</td>
<td>C1Dg</td>
<td>Y</td>
<td></td>
<td></td>
<td>Constant management issue.</td>
</tr>
<tr>
<td>1020</td>
<td>The larger retailers are able to dominate suppliers especially with regard to trading terms and margin requirements.</td>
<td>Customer Relationships</td>
<td></td>
<td></td>
<td>G1Dh</td>
<td>Y</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1021</td>
<td>If you are not in with the larger retailers you don't have a business.</td>
<td>Customer Relationships</td>
<td></td>
<td></td>
<td>G1Di</td>
<td>Y</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ID</td>
<td>Case Study Comments</td>
<td>Core Category</td>
<td>Secondary Category 1</td>
<td>Secondary Category 2</td>
<td>Code Number</td>
<td>RQ1</td>
<td>RQ2</td>
<td>RQ3</td>
<td>Memos (if relevant)</td>
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<tr>
<td>1022</td>
<td>Flexible</td>
<td>Factory Efficiency AND Flexibility</td>
<td>Business Strategy</td>
<td></td>
<td>K1Dj</td>
<td>Y</td>
<td></td>
<td></td>
<td>A word used often within the interview process.</td>
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<td>1023</td>
<td>We have a very flexible production system.</td>
<td>Factory Efficiency AND Flexibility</td>
<td>Business Strategy</td>
<td></td>
<td>K1Dk</td>
<td>Y</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1024</td>
<td>Always in the back of our mind is the trade off between standardisation of packaging and promotions and the costs associated with tailor making products for specific retailers etc.</td>
<td>Business Strategy</td>
<td>Factory Efficiency AND Flexibility</td>
<td>Marketing Mix</td>
<td>F1DI</td>
<td>Y</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1025</td>
<td>Advertising and marketing for our product is undertaken on an ad hoc basis. We are not yet strategic about this. This is the next stage.</td>
<td>Marketing Mix</td>
<td></td>
<td></td>
<td>C1Dm</td>
<td>Y</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1026</td>
<td>We are not highly automated.</td>
<td>Factory Efficiency AND Flexibility</td>
<td></td>
<td></td>
<td>K1Dn</td>
<td>Y</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1027</td>
<td>We are experts in only 2 things. This provides us with an advantage over competitors who try and be all things to all customers.</td>
<td>Business Strategy</td>
<td>Factory Efficiency AND Flexibility</td>
<td></td>
<td>F1Do</td>
<td>Y</td>
<td></td>
<td></td>
<td>Experts in two broad product types.</td>
</tr>
<tr>
<td>1028</td>
<td>We have one base ingredient. We make it often and make it well.</td>
<td>Factory Efficiency AND Flexibility</td>
<td></td>
<td></td>
<td>K1Dp</td>
<td>Y</td>
<td></td>
<td></td>
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</tbody>
</table>

Source: developed for this research.
Appendix 14 Research code explanation

<table>
<thead>
<tr>
<th>Code sequence</th>
<th>Core category (A – Q)</th>
<th>Research question number (1-3)</th>
<th>Case study interview segment (A-D)</th>
<th>Transcript reference (A – ZZ)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description of code</td>
<td>A full listing of category codes is located in Table A below.</td>
<td>Responses to questions from case study participants and their relationship with stated case study research questions i.e. participant responses to interview questions raised in order to elicit potential findings to Research Question 1 one were coded as ‘1’, Research Question 2 were coded as ‘2’ and Research Question 3 were coded as ‘3’ (see Appendix 1).</td>
<td>Case study interview segment e.g. Interviews stated as A-D (see Table B below).</td>
<td>Sequential alpha code linking coded text back to original case study (see Table B below).</td>
</tr>
</tbody>
</table>

Source: developed for this research.

Table A **Key to core category code and linkage with alpha code**

<table>
<thead>
<tr>
<th>Category Code</th>
<th>Alpha Code</th>
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</thead>
<tbody>
<tr>
<td>Product Range</td>
<td>A</td>
</tr>
<tr>
<td>Promotions</td>
<td>B</td>
</tr>
<tr>
<td>Marketing Mix</td>
<td>C</td>
</tr>
<tr>
<td>Packaging</td>
<td>D</td>
</tr>
<tr>
<td>Managerial Factors</td>
<td>E</td>
</tr>
<tr>
<td>Business Strategy</td>
<td>F</td>
</tr>
<tr>
<td>Customer Relationships</td>
<td>G</td>
</tr>
<tr>
<td>Pricing Policy</td>
<td>H</td>
</tr>
<tr>
<td>Internal Communication</td>
<td>I</td>
</tr>
<tr>
<td>Innovation</td>
<td>J</td>
</tr>
<tr>
<td>Factory Efficiency and Flexibility</td>
<td>K</td>
</tr>
<tr>
<td>Cost Control</td>
<td>L</td>
</tr>
<tr>
<td>Distribution</td>
<td>M</td>
</tr>
<tr>
<td>Business Process</td>
<td>N</td>
</tr>
<tr>
<td>Organisational Culture</td>
<td>O</td>
</tr>
<tr>
<td>External Factors</td>
<td>P</td>
</tr>
<tr>
<td>Organisational Structure</td>
<td>Q</td>
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</tbody>
</table>

Source: developed for this research.
Table B Third alpha character and associated interview segment

<table>
<thead>
<tr>
<th>Hybrid Strategy Case study</th>
<th>Purpose: The research will provide an explanation as to how New Zealand food exporters integrate the perceived equal emphasis of both cost leadership and differentiation strategies into their organisation and to specifically:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1. Explain the effect hybrid strategies adoption will have on the marketing mix and the reasons why this will occur;</td>
</tr>
<tr>
<td></td>
<td>2. Examine the merit in the commonly understood theory that higher costs are anticipated with differentiation, and lower costs are anticipated with cost leadership;</td>
</tr>
<tr>
<td></td>
<td>3. Identify the key factors that support the application of hybrid strategies and enable successful organisational performance.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Alpha Code</th>
<th>Participant</th>
<th>Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Interview with either HR/Export or Administration Manager (1.5 hours)</td>
<td>Collect documentation/archival records to determine the characteristics of the case study organisation</td>
</tr>
<tr>
<td>B</td>
<td>2-3 Senior Managers (1.5 hours)</td>
<td>Record manager meetings</td>
</tr>
<tr>
<td></td>
<td>A. What impact does the application of hybrid strategies have upon the standardisation of the marketing mix and why is this the case?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>B. How does the organisation best balance the higher costs anticipated with differentiation with the lower costs anticipated with cost leadership?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>C. What factors enable the successful organisational performance?</td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>3-4 Senior Managers (0.5 hours)</td>
<td>Session using: Modified Delphi technique</td>
</tr>
<tr>
<td></td>
<td>Further determine what impact the application of hybrid strategies has upon the standardisation of the marketing mix and why is this the case?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Further determine as to how the organisation best balances the higher costs anticipated with differentiation with the lower costs anticipated with cost leadership?</td>
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<td></td>
<td>Further determine what factors enable the successful organisational performance?</td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>3-4 Senior Managers (1.0 hour)</td>
<td>Session using: Internal Focus Group to:</td>
</tr>
<tr>
<td></td>
<td>Further determine what impact the application of hybrid strategies has upon the standardisation of the marketing mix and why is this the case?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Further determine as to how the organisation best balances the higher costs anticipated with differentiation with the lower costs anticipated with cost leadership?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Further determine what factors enable the successful organisational performance?</td>
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</table>

Source: developed for this research.
Appendix 15 Summary analysis tables for RQ1, RQ2 and RQ3

Research Question 1 (RQ1)

Appendix table 2 Analysis summary for RQ1 collated during interviews concerning RQ1

<table>
<thead>
<tr>
<th>Marketing Mix Element</th>
<th>Case Study A</th>
<th>Case Study B</th>
<th>Case Study C</th>
<th>Case Study D</th>
</tr>
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<tbody>
<tr>
<td>Promotion</td>
<td>Standardised</td>
<td>Adapted</td>
<td>Adapted</td>
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<td></td>
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<td>Client driven</td>
<td>Client driven</td>
<td>Client driven</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Product mix and volume related</td>
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</tr>
<tr>
<td>Pricing</td>
<td>Adapted</td>
<td>Adapted</td>
<td>Adapted</td>
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<tr>
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<td>Client driven</td>
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<td>Product</td>
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<td>Adapted</td>
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<td>Packaging as primary</td>
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<td>Packaging as primary</td>
<td>Product quality and service</td>
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<td>differentiator</td>
<td>differentiator</td>
<td>differentiator</td>
<td>as primary differentiators</td>
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<td>Retailer driven</td>
<td>Country and client driven</td>
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<td>Country and client driven</td>
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Source: developed for this research.

Appendix table 3 Analysis summary for RQ1 collated during interviews concerning RQ2

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<tr>
<th>Core Category</th>
<th>Case Study A</th>
<th>Case Study B</th>
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<td>and flexibility</td>
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Source: developed for this research.
Appendix table 4 Analysis summary for RQ1 collated during interviews concerning RQ3

<table>
<thead>
<tr>
<th>Core Category</th>
<th>Case Study A</th>
<th>Case Study B</th>
<th>Case Study C</th>
<th>Case Study D</th>
</tr>
</thead>
</table>
| Business Strategy |  - Lacks economies of scale  
  - Nimble and flexible  
  - Quality product offering  
  - Experienced management team  
  - Low levels of factory automation  
  - No in-market sales function |  - Lacks economies of scale  
  - Nimble and flexible  
  - Quality product offering  
  - Experienced management team  
  - Low levels of factory automation  
  - No in-market sales function |  - Lacks economies of scale  
  - Nimble and flexible  
  - Quality product offering  
  - Experienced management team  
  - Low levels of factory automation  
  - No in-market sales function |  - Lacks economies of scale  
  - Nimble and flexible  
  - Quality product offering  
  - Experienced management team  
  - Low levels of factory automation (lacks resources of larger competitors)  
  - No in-market sales function |
| Mixed |  - Sound knowledge of cost structure and product cost  
  - Higher costs therefore need to be different  
  - Strong buyer and client relationships |  - Sound knowledge of cost structure and product cost  
  - Higher costs therefore need to be different  
  - Strong buyer and client relationships |  - Sound knowledge of cost structure and product cost  
  - Higher costs therefore need to be different  
  - Strong buyer and client relationships |  - Sound knowledge of cost structure and product cost  
  - Higher costs therefore need to be different  
  - Strong buyer and client relationships |

*Source: developed for this research.*
### Research Question 2 (RQ2)

#### Appendix table 5 Analysis summary for RQ2 collated during interviews concerning RQ2

<table>
<thead>
<tr>
<th>Core Category</th>
<th>Case Study A</th>
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<th>Case Study D</th>
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<tr>
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<td>• Low staff turnover&lt;br&gt;• Family aspect</td>
<td>• Low staff turnover&lt;br&gt;• Family aspect</td>
<td>• Low staff turnover&lt;br&gt;• Family aspect</td>
<td>• Low staff turnover&lt;br&gt;• Family aspect (pride)</td>
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<td><strong>Cost Control</strong></td>
<td>• Known costs for all products&lt;br&gt;• Production flexibility&lt;br&gt;• Factory automation and flexibility trade-off&lt;br&gt;• Factory and management staff product cost and production scheduling knowledge in relation to factory efficiencies</td>
<td>• Known costs for all products (not critical)&lt;br&gt;• Production flexibility&lt;br&gt;• Factory automation and flexibility trade-off&lt;br&gt;• Factory and management staff product cost and production scheduling knowledge in relation to factory efficiencies</td>
<td>• Known costs for all products&lt;br&gt;• Production flexibility&lt;br&gt;• Factory automation and flexibility trade-off&lt;br&gt;• Factory and management staff product cost and production scheduling knowledge in relation to factory efficiencies</td>
<td>• Known costs for all products&lt;br&gt;• Production flexibility and nimbleness&lt;br&gt;• Factory and management staff product cost and production scheduling knowledge in relation to factory efficiencies</td>
</tr>
<tr>
<td><strong>Business process</strong></td>
<td>• Experienced managers&lt;br&gt;• Focus on product quality</td>
<td>• Experienced managers&lt;br&gt;• Focus on product quality and marketing service levels</td>
<td>• Experienced managers&lt;br&gt;• Focus on product quality</td>
<td>• Experienced managers&lt;br&gt;• Focus on product quality</td>
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<td><strong>Innovation</strong></td>
<td>• Formal new product and innovation process</td>
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*Source: developed for this research.*
## Appendix table 6: Analysis summary for RQ2 collated during interviews concerning RQ3

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<tr>
<th>Core Category</th>
<th>Case Study A</th>
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<td>• Lacks economies of scale</td>
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<td></td>
<td>• Nimble and flexible</td>
<td>• Nimble and flexible</td>
<td>• Nimble and flexible</td>
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<td>• Quality product offering</td>
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<td>• ‘First to be second’</td>
<td>• ‘First to be second’</td>
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<td>• Feeling of family</td>
<td>• Feeling of family</td>
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<td>• Focused on product (packaging)</td>
<td>• Focused on product (packaging)</td>
<td>• Focused on product (packaging), cost and business</td>
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*Source: developed for this research.*
## Appendix table 7 Analysis summary for RQ3 collated during interviews concerning RQ1

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Source: developed for this research.
Appendix table 8 Analysis summary for RQ3 collated during interviews concerning RQ2

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<th>Case Study C</th>
<th>Case Study D</th>
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<tbody>
<tr>
<td><strong>Cost Control</strong></td>
<td>• Known costs for all products</td>
<td>• Known costs for all products (not critical)</td>
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<td>• Factory and management staff product cost and production scheduling knowledge in relation to factory efficiencies</td>
<td>• Factory and management staff product cost and production scheduling knowledge in relation to factory efficiencies</td>
<td>• Factory and management staff product cost and production scheduling knowledge in relation to factory efficiencies</td>
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<td><strong>Innovation</strong></td>
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<td>• Formal new product and innovation process</td>
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Source: developed for this research.

Appendix table 9 Analysis summary for RQ3 collated during interviews concerning RQ3

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<th>Case Study C</th>
<th>Case Study D</th>
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<td>• Experienced management team</td>
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<td>• Low levels of factory automation</td>
<td>• Low levels of factory automation</td>
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<td>• Listen and respond to clients</td>
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<td>• Listen and respond to clients</td>
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<td>• Structure facilitates customer product requirements</td>
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<td>• Informally developed set of organisational values</td>
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<td>• Formal values (behaviours) and mission statement</td>
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325
<table>
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<tr>
<th>Core Category</th>
<th>Case Study A</th>
<th>Case Study B</th>
<th>Case Study C</th>
<th>Case Study D</th>
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<td>Physical department separation inhibits cultural development</td>
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<td>A reason to talk to customers</td>
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<td>Sound knowledge of cost structure and product cost</td>
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<td>Higher costs therefore need to be different</td>
</tr>
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*Source: developed for this research.*
Appendix 16 Case study transcript summary (excerpt only – 8 of 66 pages)

The following transcript summary has been segmented into the following sections:

- Research Question 1 – Case Study A
- Research Question 1 – Case Study B
- Research Question 1 – Case Study C
- Research Question 1 – Case Study D
- Research Question 2 – Case Study A
- Research Question 2 – Case Study B
- Research Question 2 – Case Study C
- Research Question 2 – Case Study D
- Research Question 3 – Case Study A
- Research Question 3 – Case Study B
- Research Question 3 – Case Study C
- Research Question 3 – Case Study D

**Research Question 1: What impact does the application of hybrid strategies have upon the standardisation of the marketing mix and why is this the case?**

Research Question 1 - Case Study A

**Marketing mix**

Case study A packs a total of 14 differing product types (see Appendix 13, ID 1000). Each product differs in either product type, flavour, and/or pack size. Participants within the organisation make the specific comment with regard to the fact that export markets are similar in nature and, therefore, they do ‘not have to think about varying in-market distribution systems’ (see Appendix 13, ID 1009). Contrary to this, price points across export markets do see an element of variation (see Appendix 13, ID 1010).

‘The packaging is driven by the retailer who requires different price points’ (see Appendix 13, ID 1012). Participants noted that different products are required for different markets, with the retailer being the ultimate driver of product and packaging requirements (see Appendix 13, ID 1001). Pack size is the primary differentiator of packaging, with participants commenting that product flavours are essentially the same (see Appendix 13, ID 1015). There is recognition within Case Study A that there is a potential trade-off between standardisation of pack sizing and retailer perception
of the product. The same organisation claims that there is a potential danger that retailers may think the product is inferior to competitors if in order to gain factory efficiencies, products are manufactured generically:

You need to be mindful of trade-offs when standardising packaging for various markets. What you gain in factory efficiencies you may then lose in retailer perception of the product (see Appendix 13, ID 1017).

Also acknowledged by interview participants, is the influence of the competitor product format, on retailer shelves, and the resulting decisions as to what products the organisation is to produce for that market (see Appendix 13. ID 1014).

Participants further elaborate on the linkage between packaging standardisation and factory cost. Constant changing of production runs to cater for differing packaging lines results in higher factory costs:

If your packaging is not standardised then you are faced with higher factory costs whenever you change production runs. This is a constant problem for us as, customers continually request tailor-made products which requires different packaging (see Appendix 13, ID 1019).

It appears that while there is an organisation recognition of the additional factory costs associated with increasing numbers of packaging lines the organisation is continually having to manage this trade-off (see Appendix 13, ID 1016).

The potential conclusion of the above, is that retailer packaging requirements appear to be a high contributor to the number of products the organisation elects to pack, within the factory environment. This potential summation is captured in the participant comment that ‘Our packaging helps differentiate us and is a contributor to the number of products we have’ (see Appendix 13, ID 1011).

While organisational participants clearly acknowledge the packing versus factory cost trade-off, there appears almost a sense of resignation that the retailer is the ultimate decision-maker. Organisational participants, when questioned about the necessity to continually develop new packaging lines, reference their reluctance at times to introduce new packaging lines. Retailer pressure, and the product supplier
requirement to have products listed within retail stores, can however ‘force’ trade-offs to be made with regard to incorporating new product and packaging lines (see Appendix 13, ID 1013).

Participant comments allude to the organisational belief that some product forms lend themselves better than others to the management of the product-range standardisation process. The organisation sees glass-bottles for example, as an easier option than foil-bags if product standardisation is the primary objective (see Appendix 13, ID 1033).

In relation to the perceived difficulty in managing the product/packaging versus factory cost-trade-off, participants reference the requirement to make quick decisions when faced with new product packaging variables. This is due to retailer time-pressure expectations. In the haste to make these quick commercial decisions, it appears timelines surrounding the new packaging delivery to the factory are often over-estimated, resulting in potentially late delivery of the first production orders to the retailer (see Appendix 13, ID 1018).

Promotions, within Case Study A, are ‘fairly standard’ (see Appendix 13, ID 1002) with a stated attempt to align advertising and promotion execution across markets (see Appendix 13, ID 1003). This alignment of the promotional spend does appear to be problematic, with the comment forthcoming that ‘it is tough to create a marketing campaign to cut across all markets and get it right’ (see Appendix 13, ID 1004, 1008).

As with other aspects of the marketing mix, there is an acknowledgment by interview participants that generic promotions offer a cheap alternative:

> Your marketing programme is always going to be more successful if it is tailor-made for markets but at the end of the day it all comes down to cost, your agency costs and your development costs etc (see Appendix 13, ID 1005).

Interviewee comments elicited note that markets have differing product life-cycles and, therefore, this poses difficulties with regard to the establishment of a generic promotional spend (see Appendix 13, ID 1007). Apparent success of the promotional spend is succinctly captured within the interview process, by the statement presented below:
Successful advertising and promotion requires you to think about what messages are important for which markets and leveraging those very same messages (see Appendix 13, ID 1006).

In contradiction to some of the above comments, regarding the advertising and promotional spend, one participant notes that advertising and marketing is ‘undertaken on an ad hoc basis’, and that the organisation was ‘not yet strategic’ about this type of spend (see Appendix 13, ID 1025).

**Mixed**

Case Study A claim to be ‘experts in only two things’ (see Appendix 13, ID 1027). This is a reference to the production of only two key product types, although there does exist a number of packaging iterations within each product type. Use is made of one base ingredient that is manufactured often, and well (see Appendix 13, ID 1028). This strategy, they believe provides the organisation with an advantage over competitors, who try to be all things to all customers. Associated with this comment is a business strategy, which appears to be built around an understanding of the trade-offs between standardisation of packaging and promotions, and the inherent costs of tailor-making products for specific retailers (see Appendix 13, ID 1024).

Case Study A elects to work closely with the larger retailers within their chosen markets (see Appendix 13, ID 1021); however, this appears to be with an associated understanding that these same large-market retailers are able to dominate suppliers, particularly with regard to trading-terms and margin requirement (see Appendix 13, ID 1020).

Customer relationships appear critical to the ongoing successful performance of the organisation:

> Sometimes retailers wrongly categorise your product and place it into aisles that are not suitable. The supplier and buyer relationship is key to sorting these types of issues out (see Appendix 13, ID 1030).
The organisation understands that retailer shelf space needs to be ‘worked’ by the supplier by providing the highest financial return for the loaning of that retailer shelf space (see Appendix 13, ID 1032).

Case Study A perceive themselves as ‘not highly automated’ (see Appendix 13, ID 1026). This lack of automation provides the organisation with a ‘flexible production system’ (see Appendix 13, ID 1022, 1023). In combination with this flexible production system, the organisation believes that a further point of difference is provided by the knowledge base possessed by factory staff. This knowledge base provides the required factory and organisational flexibility:

A major point of difference for us is how these guys work in the factory to keep us flexible and nimble (see Appendix 13, ID 1031).

Research Question 1 - Case Study B

Marketing mix

Case Study B claims to produce 25 differing product ranges, with 25% of their organisation turnover being exported (see Appendix 13, ID 2000, 2001). Participants allude to the point that the organisation ‘aims to have as minimal products as possible, with the driver being to have product lines that can go to multiple export destinations’ (see Appendix 13, ID 2005). The major benefit associated with having fewer product lines is ‘less total inventory’ (see Appendix 13, ID 2006).

Interview participants admit to the balancing act required between having fewer product lines, which potentially results in lower organisational total inventory levels, and the trade-off of ensuring that retailers are receiving a product they find unique (see Appendix 13, ID 2007). The organisation’s ‘best success’ with regard to new product development, is ‘where they can develop the market and then work backwards into the processing side’ (see Appendix 13, ID 2019). Participants comment that they are not in a position to manufacture a new product for a retailer, unless they can see a profit can be generated from that new product range (see Appendix 13, ID 2019). The understanding of product cost structures and the risks associated with added factory production complexity are initial critical management decisions, before the introduction of new product lines can occur. Participants refer to
an internal organisation saying of ‘being second to be first’ in relation to the introduction of new retailer product requests (see Appendix 13, ID 2017, 2018).

Similarly, the organisation elects to ‘keep things simple’ from a production complexity perspective, by packing similar pack sizes for multiple market destinations (see Appendix 13, ID 2023). Interview participants note, however, less than perfect factory efficiency. There is an on-going balancing act to ensure the selection of the right mix and blend of customers, who will then contribute to the highest possible organisation profit margin (see Appendix 13, ID 2015, 2016). A large proportion of the final product cost is associated with packaging. Therefore, there appears to be organisational acknowledgement that not only does final product form contribute to the absolute cost of the packaging but also that product mix has a major influence upon factory efficiency levels (see Appendix 13, ID 2030).

Exporting organisations often have their product specifications regulated by the country of importation. The result of this scenario is that often the narrowing specification requirements lead to a decreased ability for the organisation to produce economic volumes for that specific market. The implied end-result is that the narrower the product specification, the higher the required price. Therefore, interview participants state that product-pricing policy is not specific to market destination. While there is a standard export price based upon an agreed costing, the actual price agreed with the client is often the result of the overall product-mix and volume contracted (see Appendix 13, ID 2013, 2022).

Case Study B does not engage in export promotions, but rather this aspect of the marketing mix is left to buyer responsibility (see Appendix 13, ID 2014, 2021). Food-fairs appear to be the promotional vehicle of choice, covering the majority of export markets concerned (see Appendix 13, ID 2020).

**Factory efficiency and flexibility**

Additional comments regarding economies of scale, customer selection and factory efficiency, are made under the core category of ‘Factory efficiency and flexibility.’ Interview participants acknowledge the attractiveness of larger retailers who are able to purchase larger quantities of product. In turn, these larger product quantities have
the ability to deliver factory economies of scale by enabling the factory to concentrate on fewer product lines and larger production runs:

Selecting larger retailers can result in those stores being able to sell large volumes of one pack size potentially resulting in fewer factory product lines and larger production runs. This is a continual refinement exercise (see Appendix 13, ID 2009).

The trade-off to the economies of scale advantage appears to be the counter-argument that while larger customers do provide the ability to manufacture larger production volumes, questions arise as to the risks associated with the potential loss of those same larger-scale customers. Additionally, the organisation questions itself as to their ability to consistently supply on-going large product quantities (see Appendix 13, ID 2011, 2012, 2032).

Factory production flexibility appears essential to the continued successful performance of the organisation. Interview participants note a ‘small, flexible, production unit’ as advantages, ensuring lower cost structures in comparison to competitors (see Appendix 13, ID 2025, 2031). Manufacturing production schedules can be rapidly altered, if required. An unspecified amount of the factory production is manual, which is also considered to improve factory flexibility (see Appendix 13, ID 2024, 2029).

Interview participants note during the interview process that a proposed capital spend on a single-flow packaging line was not progressed due to the potential loss of future manufacturing flexibility. This is despite the obvious recognised advantages of lower per unit costs and improved factory automation, provided by the capital expenditure:

Ultimately, the money we would have spent in creating a new production line did not give us a return on investment. It is that same old rule - larger production runs means less costs but less flexibility (see Appendix 13, ID 2034, 2035).
Mixed

There are a number of additional comments made by interview participants during the interview process. Many of these comments were not considered directly related to the interview question; however, the comments were considered pertinent concerning the examination of the research topic in relation to research questions two and three.

Participants consider that innovation offers a valuable advantage over competitor organisations:

> Compared to competitors we believe we have quite a bit of innovation and willingness to trial new methods (see Appendix 13, ID 2036).

In addition to the above comment, participants state that innovation has always been an important aspect of their business (see Appendix 13, ID 2003), with much of this innovation emphasis placed upon ‘marketing differentiation’ (see Appendix 13, ID 2037). Product quality is regarded a key deliverable within the context of ‘marketing differentiation’ as is the open and honest communication with customers and the provision of a high-quality service standard (see Appendix 13, ID 2026, 2037, 2039):

> We are not going to put product out there that is not first-rate (see Appendix 13, ID 2038).

Finally, participants reference the word ‘trust’ on a number of occasions. ‘Trust is key and is required on both sides’ (see Appendix 13, ID 2027). Therefore, it is implied that, not only is trust an important aspect of the customer relationship, but also of organisational culture (see Appendix 13, ID 2028). The trust element extends into aspects of organisational internal communication, with a willingness expressed by management to listen openly to members of the factory production team. This listening process is able to capture the innovative ideas expressed by many of the factory team staff (see Appendix 13, ID 2033).