

“Marketing in New Zealand : A Comparison of Consumer and Industrial Firms”

AUTHORS

Roger Brooksbank
David Taylor

ARTICLE INFO

Roger Brooksbank and David Taylor (2004). Marketing in New Zealand : A Comparison of Consumer and Industrial Firms. *Problems and Perspectives in Management*, 2(3)

RELEASED ON

Friday, 12 November 2004

JOURNAL

"Problems and Perspectives in Management"

FOUNDER

LLC “Consulting Publishing Company “Business Perspectives”



NUMBER OF REFERENCES

0



NUMBER OF FIGURES

0



NUMBER OF TABLES

0

© The author(s) 2025. This publication is an open access article.

Marketing in New Zealand: A Comparison of Consumer and Industrial Firms

Roger Brooksbank¹, David Taylor²

Abstract

Over recent years there has been a strong surge of interest in marketing as a means of improving competitiveness at the individual firm level. Indeed, research has shown that effective marketing operates at both an attitudinal/philosophical level, as well as at a practical/functional level within the firm. However, an area which has received relatively little attention, especially in New Zealand, is the extent to which there is a discernible difference between the marketing approaches of firms operating in consumer versus industrial markets. Hence, this paper presents a comparative, quantitative assessment of marketing at both these levels within a total of 631 New Zealand companies which operate within either a consumer or an industrial market. The findings suggest that, if anything, marketing has been more fully embraced by industrial companies, although generally speaking, there is much room for improvement across both sectors.

Introduction

Over the last decade or so, research from around the world has shown the important contribution of marketing to company success (e.g. Romano and Ratnatunga, 1995; Baker et al., 1986). Particularly, research has shown that effective marketing operates at both an attitudinal/philosophical level as well as a practical/functional level within the firm (Brooksbank, et al., 1999). During this period there has also been a parallel explosion of prescriptive-style books and articles on the subject, and a strong surge of interest in marketing as a means of improving competitiveness at the individual firm level. Additionally, there has been a long history of discussion in the literature on marketing as to the extent to which industrial marketing is different from consumer marketing, along with a number of conflicting findings about the extent to which marketing is fully embraced by companies operating in these different types of market. For example, Ames (1970) believed that industrial firms tended to pay more 'lip service' to marketing rather than to its actual implementation, whereas Webster (1978) was of the opinion that due to differences in the nature of the products, markets, and buyer behaviour, there was a real difference between the two. There again, Fern and Brown (1984) have argued that any distinction between industrial and consumer firms is invalid on the basis that the problems and opportunities faced by most firms are similar. Notably the empirical evidence is somewhat contradictory in nature. For example, a study conducted in the USA by Parasuraman (1983) reported that industrial goods firms may be more market driven than consumer goods firms. On the contrary, a more recent study undertaken in Greece by Avlonitis and Gounaris (1997) concluded that industrial goods companies are less marketing driven than consumer goods companies.

Taking these issues into account this paper seeks to examine the extent to which 'text-book' marketing has actually been adopted within consumer and industrial firms in New Zealand. Specifically, it is to make a quantitative assessment of the state-of-the-art of marketing practice at both the attitudinal/philosophical and the practical/functional level within industrial and consumer firms, and to examine any differences between these two sectors.

Methodology

The findings reported in this paper are based on a large-scale mail questionnaire survey. The questionnaire was originally developed for a similar study designed to assess the marketing practices

¹ Ph.D., MBA, Department of Marketing and International Management, University of Waikato, New Zealand.

² BSc(Econ), Department of Marketing and International Management, University of Waikato, New Zealand.

of U.K. medium-sized companies in 1987 and 1992 (for a full discussion see Brooksbank, Kirby and Wright, 1992). In late 1997 the questionnaire was mailed to a list of 6,200 New Zealand businesses with more than 20 employees, drawn from a commercial database. Of the questionnaires despatched, a total of 237 were returned by the Post Office as undeliverable (moved to another address or “gone away”) and 1,313 fully completed questionnaires were received. Thus, the effective mailout was to 5,963 companies, yielding a 22% response rate. Subsets of 404 companies operating predominantly in the consumer market and 227 companies operating predominantly in the industrial sector were identified (self-assessed by respondents), and a statistical analysis of these groups of companies was subsequently undertaken by using packages available in SPSS.

Findings and discussion

(i) The Adoption of Marketing at an Attitudinal/Philosophical Level

Under this heading, the research focused on three issues, namely the role of marketing compared to the role of other business functions in company planning activities; the attitude of the CEO (Chief Executive Officer) to marketing, and; the marketing approach adopted.

Respondents were asked how the role of marketing compared with the other business functions in their overall planning activities. Table 1 shows that, while the differences between the two sectors are not significant, a higher proportion of consumer firms states that marketing plays a leading role in the planning process. At least 64% of firms consider marketing as forming a leading or at least a joint leading role in company planning activities, with no more than 8% claiming that it plays little or no role at all.

Table 1

The Role of Marketing in Company Planning

Description	Consumer N = 404		Industrial N = 227	
	f	%	f	%
Leading Role	100	25	45	20
Joint Leading Role	177	44	100	44
Supporting Role	108	27	63	28
Little or no Role	19	5	19	8

$$\chi^2 = 4.84$$

Not significant at the 0.05 level with 3 degrees of freedom.

With regard to the attitude of the CEO towards marketing, respondents were asked to choose between three alternative descriptions, reflecting either an essentially functional view of marketing's role or a broader, more cross-functional role of an overall business philosophy. Table 2 shows that for both sectors, although almost two thirds of respondents are of the view that marketing should be the driving force behind all operational decisions, the differences between the groups are significant with more industrial CEOs accepting marketing as a business philosophy than consumer CEOs. It is interesting to note the relatively high proportion of consumer firm CEOs who appear to follow a sales orientated philosophy (29%).

Table 2

Attitude of CEO to Marketing

Description	Consumer N = 393		Industrial N = 219	
	f	%	f	%
Marketing is best left to the marketing people	25	6	23	10
Marketing is really selling	112	29	43	20
Marketing is an approach to business that should guide all operations	256	65	153	70

$$\chi^2 = 7.91$$

Significant at the 0.05 level with 2 degrees of freedom.

Table 3 shows that there exist significant differences between the marketing approaches of the consumer and industrial companies in the sample. Industrial firms were one and a half times as likely as consumer firms to “place emphasis on prior analysis of market needs”; a classically “marketing-oriented” view of the marketing role. Interestingly, an almost equal percentage of firms in both sectors followed the philosophy of “make what we can and sell to whoever will buy”; a very “product-oriented” attitude to marketing. However, overall it is clear that industrial firms have adopted a marketing philosophy to a much greater extent than their consumer counterparts.

Table 3

Marketing Approach

Description	Consumer		Industrial	
	f	%	f	%
Make what we can and sell to whoever will buy	115	29	62	28
Place major emphasis on advertising and selling to ensure sales	114	29	25	11
Place more emphasis on prior analysis of market needs	169	42	135	61

$\chi^2 = 29.04$, significant at the 0.001 level with 2 degrees of freedom.

(ii) The Adoption of Marketing at a Practical/Functional Level

Under this heading, the survey examined four key issues. These were as follows: the extent of formal marketing planning; the usage of market research; the extent of marketing-intelligence gathering, and; the extent to which the marketing effort is controlled.

When respondents were asked to report the extent of formal marketing planning in their company (Table 4), the majority of companies (at least 55% across both sectors), reported the use of annual or longer term marketing plans. Relatively few respondents, (only 16% in both groups), claimed little or no formal planning in their organisations. All in all, there was no statistical difference between the groups.

Table 4

Formal Marketing Planning

Description	Consumer		Industrial	
	f	%	f	%
Little or none	65	16	37	16
Annual Budgeting	117	29	58	26
Separate Annual Marketing Plan	95	23	51	23
Annual or Longer Range Plan	128	32	80	35

$\chi^2 = 1.24$, not significant at the 0.05 level with 3 degrees of freedom.

To examine the use of market research, respondents were asked about its use for both planning and control purposes. With regard to research for planning purposes, respondents were asked to differentiate between that carried out by themselves and that which was commissioned-in from outside agencies. Table 5 reveals that although most companies (at least 83%) carry out their own research at least “sometimes”, firms in consumer markets were far more likely to make use of outside agencies. The difference between the groups was highly significant, and “in house” research seems to be the order of the day for industrial firms with only just over a quarter of them making use of outside agencies at least “sometimes” compared to almost half the sample of consumer firms. Perhaps this is a reflection of the fact that consumer firms tend to operate in larger markets, with greater numbers of employees needing more quantitative data.

Table 6 examines the use of marketing research for control purposes, revealing a generally high level of activity, with an average of 71% of firms claiming that they carry out the four types at least “sometimes”. However, in no case the differences were significant. Notably though, the most common use of market research was for “investigating customer complaints” followed by “analysing lost business”, which could be generally described as the kind of research which is indicative of a more “reactive/fire fighting” mode rather than being that which is more proactive/strategic in nature.

Table 5

Marketing Research for Planning Purposes

Description:	Industrial or Consumer	Frequently		Sometimes		Never		
		f	%	f	%	f	%	
Frequency of Use of Marketing Research for Marketing Planning Purposes carried out by company	Industrial	116	52	76	34	33	15	$\chi^2=1.53$ *
	Consumer	185	47	142	36	69	17	
Frequency of Use of Marketing Research commissioned-in from Outside Agencies	Industrial	9	4	50	23	160	73	$\chi^2=25.98$ **
	Consumer	58	15	119	31	211	54	

* χ^2 statistic not significant at the 0.05 level with 2 degrees of freedom.

** χ^2 statistic significant at the 0.001 level with 2 degrees of freedom.

Table 6

Marketing Research for Control Purposes

Description:	Industrial or Consumer	Frequently		Sometimes		Never		
		f	%	f	%	f	%	
Frequency of Use of Marketing Research for Control Purposes. Conducting Formal Customer Satisfaction Surveys	Industrial	42	19	122	54	62	27	$\chi^2=4.23$ *
	Consumer	104	26	202	50	98	24	
Frequency of Use of Marketing Research for Control Purposes. Investigating Customer Complaints	Industrial	174	78	44	20	6	3	$\chi^2=0.76$ *
	Consumer	306	76	81	20	16	4	
Frequency of Use of Marketing Research for Control Purposes. Analysis of Lost Business	Industrial	96	43	107	48	22	10	$\chi^2=1.30$ *
	Consumer	155	39	198	49	48	12	
Frequency of Use of Marketing Research for Control Purposes. Researching Market Share Movements	Industrial	43	19	115	52	65	29	$\chi^2=4.30$ *
	Consumer	107	27	187	47	107	27	

* χ^2 statistic not significant at the 0.05 level with 2 degrees of freedom.

With respect to the use of marketing intelligence gathering, respondents were asked to report the extent to which they used a system for collecting four categories of information: changes in competitor behaviour; changes in customer behaviour; changes in technology, and; changes in busi-

ness/economic trends. Table 7 illustrates that a high proportion of firms (at least 81%) claim to make at least "some use" of an intelligence-gathering system. However, it is perhaps not surprising to note that intelligence-gathering with regard to changes in technology and business/economic trends scored the highest responses for industrial firms, while changes in consumer behaviour were the most common use for firms operating in consumer markets. In fact the only significant difference in responses between consumer and industrial respondents was with regard to changes in technology.

Table 7

Marketing Intelligence Gathering

Description:	Industrial or Consumer	Much Use		Some Use		No Use		Key
		f	%	f	%	f	%	
Changes in Competitor Behaviour	Industrial	72	32	112	50	41	18	$\chi^2=1.21$ *
	Consumer	111	28	211	53	77	19	
Changes in Customer Behaviour	Industrial	99	44	91	40	35	16	$\chi^2=3.86$ *
	Consumer	147	37	193	48	61	15	
Changes in Technology	Industrial	97	43	104	46	25	11	$\chi^2=15.70$ **
	Consumer	113	28	212	53	74	19	
Changes in Business/Economic Trends	Industrial	53	24	141	63	30	13	$\chi^2=3.44$ *
	Consumer	95	24	229	57	76	19	

* χ^2 statistic not significant at the 0.05 level with 2 degrees of freedom.

** χ^2 statistic significant at the 0.001 level with 2 degrees of freedom.

With regard to controlling the marketing effort, Table 8 relates to three types of marketing control: the analysis of performance relative to planned objectives; the analysis of products in the range, and; the analysis of marketing costs. The table shows that the overwhelming majority of companies (at least 85%) conduct all three types of control at least "sometimes". The only significant difference found in Table 7 showed that consumer firms are more likely to analyse their performance relative to marketing costs than their industrial counterparts.

Table 8

Controlling the Marketing Effort

Description:	Industrial or Consumer	Frequently		Sometimes		Never		Key
		f	%	f	%	f	%	
Performance Analysis Relative to Planned Objectives	Industrial	150	67	65	29	10	4	$\chi^2=0.03$ *
	Consumer	266	66	116	29	19	5	
Performance Analysis Relative to Contribution of Products in the Range	Industrial	101	45	103	46	19	9	$\chi^2=2.91$ *
	Consumer	215	54	163	11	37	22	
Performance Analysis Relative to Marketing Costs	Industrial	87	39	104	46	33	15	$\chi^2=14.38$ **
	Consumer	217	54	146	37	37	9	

* χ^2 statistic not significant at the 0.05 level with 2 degrees of freedom.

** χ^2 statistic significant at the 0.001 level with 2 degrees of freedom.

Summary and Conclusions

The findings presented in this paper provide some pertinent insights as to how marketing is viewed and practised in consumer and industrial firms in New Zealand. Notably, differences do exist between the two groups at the attitudinal/philosophical level in that New Zealand industrial firms ap-

pear to have accepted marketing as a business philosophy to a greater extent than their consumer counterparts. In both groups the attitudes of CEOs to marketing and in their marketing approaches, the differences were statistically significant. At the more practical/functional level, however, there were relatively fewer differences, nevertheless, where differences did occur, these differences could indeed be explained by the nature of the business. For example, consumer firms were much more likely to make use of market research agencies, than industrial firms were who favoured in-house research. Conversely, industrial firms were much more likely to research changes in technology than consumer firms.

It is interesting that these findings are at variance with those of Avlonitis and Gounaris (1997). Indeed, in some cases almost diametrically so. Avlonitis and Gounaris reported "Our analyses have shown that industrial companies, when compared to consumer ones, are less likely to develop a marketing orientation". Clearly, on the basis of the evidence presented here, this is not the case in New Zealand, and especially with regard to the adoption of marketing at an attitudinal/philosophical level. Nevertheless, despite a good deal of advocacy for marketing in both the popular and academic literature of late, the overall pattern of findings suggests that, in absolute terms, there still remains much to be done if New Zealand firms are to become truly marketing-driven. However, many questions remain unanswered. Future research should address not only the level, but also the rate at which marketing is being adopted and, ideally, with regard to a wider range of attitudes and practices than has been discussed in this paper. Additionally, it should seek to relate marketing activity to business performance in order to test the validity of applying normative models of successful marketing to the case of New Zealand companies at the first place. In view of the many conflicting empirical findings which appear to typify studies undertaken in different parts of the world, cross-cultural comparisons would also be an interesting line of enquiry.

Acknowledgements

The authors wish to thank the Direct Marketing Association of New Zealand, Datamail, Atlantis Marketing, and New Zealand Post for their kind sponsorship of this research project.

References

1. Ames, B. C., (1970) "Trappings versus Substances in Industrial Marketing", *Harvard Business Review*, July/August, pp 93-102.
 2. Avlonitis, G.J. and Gounaris, S.P. (1997) "Marketing Orientation and Company Performance: Industrial vs. Consumer Goods Companies", *Industrial Marketing Management*, Vol 26, pp 385-402.
 3. Baker, M.J., Hart, S., Black, C., and Abdel-Mohen, T.M., (1986) "The Contribution of Marketing to Competitive Success: A Literature Review" *Journal of Marketing Management*, Vol 2, No. 1, pp 305-321.
 4. Brooksbank, R., Kirby, D.A., Taylor, D., and Evans-Jones, D., (1999) "Marketing in Medium-Sized Manufacturing Firms: The State-of-the-Art in Britain 1987-1992", *European Journal of Marketing*, Vol 33, No 1 / 2, pp 103-120.
 5. Brooksbank, R., Kirby, D.A. and Wright, G. (1992) "Marketing and Company Performance: An Examination of Medium Sized Manufacturing Firms in Britain," *Small Business Economics*, No 4, pp 221-36.
 6. Fern, E.F., and Brown, J.R., (1984) "The Industrial/Consumer Marketing Dichotomy: A Case of Insufficient Justification", *Journal of Marketing*; Spring, pp 68-77.
 7. Parasuraman, A., (1983) "Marketing-Orientation of Industrial vs Consumer Goods Firms" *Akron Business and Economical Review*, Vol 14, No. 2, pp 41-44.
 8. Romano, C. and Ratnatunga, J. (1995) "The role of marketing: its impact on small enterprise research" *European Journal of Marketing*, Vol 29, No. 7, pp 9-30.
- Webster, F.E. (1978) "Management Science in Industrial Marketing", *Journal of Marketing*, Vol 42, No 1, pp 21-27.