CHAPTER FOUR

PROCEDURE AND METHODOLOGY OF THE STUDY

Introduction

The previous chapter presented a conceptual backdrop to this study and a set of hypotheses that emerged therefrom.

As highlighted in the previous chapter, not much research interest that has flown into the field of marketing strategy; and the extant studies are ad hoc in nature focusing either on the ‘content’ of strategy or on the ‘process’ of strategy formulation. Such studies took for granted or ignored a lot of the other side of the whole—the influence of the external business environment, factors involved in the process of strategy implementation and the impact of strategy on organizational performance.

It is imperative therefore to attempt a comprehensive and holistic study encompassing the whole gamut of marketing strategy. The researcher felt that such an integrative approach is essential in any field of study as it would provide a sort of full-line picture of the role of marketing strategy in an organization. It was to draw it by the way the marketing managers themselves perceive their role through all the stages. The procedure and methodology in conducting this study is detailed step by step in the following pages.
Study Units and Subjects of the Study

Defining the Study Units

As the study encompasses the broad spectrum of marketing strategy-performance relationship (and the ingredient factors thereof), it was considered most appropriate to focus the study on business level strategies, rather than on corporate level strategies. That is if a company operates in more than one product/industry, each product division is considered a distinct unique unit of marketing planning and analysis.

The rationale of this contention is two-fold. First, it is believed that a company cannot achieve success at the corporate level until it finds a way to success at the business unit level. Second, strategy formulation and implementation are influenced by the external business environment which would vary different products and various regions of operations.

Therefore, it was decided to choose strategic business units for the conduct of this research.

Respondent Units and Subjects of the Study

In the selection of study units, only corporate bodies were considered. Large scale enterprises were purposely avoided, since it was thought they
would not suit the purpose of the study and the researcher’s time and cost budget. Small enterprises may not be consciously adopting strategic management practices. Hence, only medium-sized business units were alone considered for the choice of study units.

Medium-sized manufacturing business units are those where the investment in plant and machinery is more than Rs. 5 crores but less than Rs. 10 crores. Medium-sized service units are those where the investment in equipment is more than Rs. 2 crores but less than Rs. 5 crores (as defined by the Micro, Small and Medium Enterprises Act, 2006).

The study further qualified the participation of the medium enterprises as follows: (1) the enterprise should have been continuously operating for more than five years; (2) the enterprise should have on its employ at least 20 executives with at least 2 in the marketing department; (3) the unit should be professionally managed.

Guided by these conditions the population of the medium business units was enlisted by reference to the registry of the Registrar of Joint Stock Companies (at Chennai) and those of the Puducherry Industrial Promotion Development and Investment Corporation (PIPDIC) and the Small industries Promotion Corporation of Tamil Nadu (SIPCOT) Industrial Estate at Cuddalore.
Among the 220 companies with 234 strategic business units, 182 companies (137 strategic business units) satisfied all the conditions of eligibility described above. All the 137 units were approached with the request to participate in the proposed study.

Table 4.1
The Population and Survey Sample Characteristics

<table>
<thead>
<tr>
<th>Type of Business</th>
<th>No. of Companies</th>
<th>Strategic Business Units (SBU)</th>
<th>Eligible Companies</th>
<th>Eligible Strategic Business Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>134</td>
<td>145</td>
<td>112</td>
<td>85</td>
</tr>
<tr>
<td>Trading</td>
<td>73</td>
<td>89</td>
<td>60</td>
<td>45</td>
</tr>
<tr>
<td>Service</td>
<td>13</td>
<td>0</td>
<td>10</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>220</td>
<td>234</td>
<td>182</td>
<td>137</td>
</tr>
</tbody>
</table>

The question of sampling does not arise, as the study surveyed all the eligible participants and all the marketing executives who responded to the instrument of data collection became the Subjects of the study.

Instruments of Data Collection

Development of an Instrument for Data Collection

Since the research is a seminal work in the Indian context, linking theory to practical application by an empirical study, development of an
instrument for data collection was the most crucial task in the process of the study.

The ground work for this was the conceptual foundation of the study, the research model and the hypotheses proposed to be tested (reported in the previous chapter) and review of related literature (second chapter)

The first step in this regard was to constitute a panel of experts to draft an instrument of data collection. The next step was to pre-test it for its validity and reliability. These steps may be regarded as the pilot study preceding the main study. This would help the researcher gain the confidence about the feasibility and utility of the study.

Approval of the draft instrument.

A panel of experts with three academicians, three marketing management practitioners and two management consultants was constituted. The panel members were provided with a copy of chapter three of the study detailing the conceptual framework and the hypotheses relevant to the study. The panelists were requested to individually make comments on: (1) the relevance of the 13 variables, the nature of variables (independent variable and dependent variable) constituting each of the Constructs (2) the association between dependent and independent variables (3) grouping of the variables
into 5 constructs in a cause and effect lineage model and (4) the items of questions (statements) to measure each variable.

The researcher had two sittings with each of the panel member to discuss the issues involved in the drafting of the instrument and the items to measure each variable. The third sitting was a joint session of all the members. Six of the eight members of the panel concurred with the researcher’s view on the matter. This consultative process in the drafting of the research design and questionnaire may also be deemed to be a measure of validity. Following this specific questions in the form of attitude statements, placed on 5-point Likert’s scale, were framed. Thus emerged a draft questionnaire.

Pre-test of the questionnaire.

Having drafted a questionnaire, the next step was to pretest it in a real-life situation. The questionnaire was in two parts. Part A had 73 questions in the form of a statements placed on 5-point scale, ranging from ‘strongly disagree’ to ‘strongly agree’. Part B was to elicit personal information about the respondent and his company.

For the purpose of the pre-test of the questionnaire 30 marketing executives (who were not to be respondent-subjects for the study) were approached to respond to the questionnaire for the study.
**Content validity.**

For assessing the content validity, the draft questionnaire was given to the 30 pre-test evaluators. The items on which 80% or more (24 or more) members of pre-test concurred were retained and the rest were removed from the questionnaire. At the end of this stage, 58 items were retained based on the inter-rater agreement. This is in conformity with the recommendation of Schwab (1980).

**Convergent validity.**

As regards convergent validity, the factor of a scale with respect to each construct should show moderate correlation. In the pre-test, the correlation was positive and was significant at 0.01 level, confirming the convergent validity of the instrument.

**Reliability.**

The reliability of the consistency of the measures of construct variables was checked using Cronbach alpha values (for scores of 30 pre-test respondents). All the items (59) had a reliability ranging from 0.65 to 0.98. The overall reliability score for all the items was 0.89. Hence, there is no reason to doubt about the reliability of the instrument. Please see Table 4.2 in
the next page. Thus, the questionnaire* took the final shape, usable in the main study. It contained 58 items (of the 77 in the pre-test version).

**TABLE 4.2**

RELIABILITY ANALYSIS (SCALE ALPHA)

<table>
<thead>
<tr>
<th>Scale</th>
<th>Coefficient Alpha</th>
<th>Items</th>
<th>Cronbach Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>(I) EXTERNAL BUSINESS MANAGEMENT</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. The technology orientation in our industry is very high</td>
<td>0.8127</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Competitors have made drastic changes in their product(s) in the last five years.</td>
<td>0.8122</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Competitors have made substantial changes in production methods in the last five years.</td>
<td>0.8126</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. The potential market demand for our product(s) is (are) very extensive.</td>
<td>0.8798</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. The brand name of our product(s) is/are very familiar in the market.</td>
<td>0.8899</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Customers have good image about our product(s)</td>
<td>0.8869</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Market competition in our industry is very high.</td>
<td>0.8012</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Many new entrants have come into the market in the past five years.</td>
<td>0.8068</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Price competition in our industry is very high.</td>
<td>0.8053</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Overall</strong></td>
<td><strong>0.8556</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Please see Appendix
(II) INTERNAL ENVIRONMENT AND STRATEGY FORMULATION

1. Our organizational structure enables us to carry out Participative Management 0.9671

2. Our organizational climate encourages our subordinates to generate innovative ideas 0.9673

3. Our organization consults expert outside agencies for new ideas 0.9566

4. Our organization provides adequate time for developing strategic marketing Plans 0.9600

5. Our organization uses a number of motivators to encourage good business operational performance 0.9569

6. Our organization provides adequate funds for developing strategic marketing plans. 0.9722

Overall 0.9693

(III) PLEASE EXPRESS YOUR OPINION ON EACH STATEMENT GIVEN BELOW

1. How often did you use the Portfolio Analysis as a tool when developing marketing strategies? 0.6659

2. How often did you use the SWOT Analysis as a tool when developing marketing strategies? 0.6525

3. How often did you use the Contingency (“What if” analysis) as a tool when developing marketing strategies? 0.8335
4. How often did you use the **Financial Ratio Analysis** as a tool when developing marketing strategies? 0.8476

5. How often did you use the **Experience Curve Analysis** as a tool when developing marketing strategies? 0.5240

*Overall* 0.8067

**(IV) PLEASE EXPRESS YOUR OPINION ON EACH STATEMENT GIVEN BELOW**

1. General strategic marketing option 0.9805
2. Evaluating Strategic Marketing option 0.9787
3. Search for details to make strategic market planning effective 0.9793
4. Take corrective action to suit changing environment 0.9842

*Overall* 0.9853

**(V) CREDIBILITY OF MARKETING STRATEGY**

1. Our product strategy is realistic 0.9020
2. Our prices are competitive 0.9520
3. We provide lot of discount to our customers 0.8357
4. Our pricing strategy is realistic 0.9403
5. We make every effort to improve the quality of our products 0.9540
6. New product development is always on our agenda 0.9217
7. Our promotion strategy is realistic 0.9409
8. Fund is never a constraint for promotion of our product 0.9252
9. We provide extensive after sales service to our customers 0.9603
10. Our distribution strategy is realistic 0.9464
11. We maintain cordial relationship with our distributors 0.9296
12. We provide adequate promotional support to our distributors 0.9397
13. We provide extensive funds for R & D. 0.9037

Overall 0.9892

(VI) MARKETING STRATEGY IMPLEMENTATION:

HOW YOU PERCEIVE OTHERS

1. People believe that the priorities assigned for important strategic factors are quite sound 0.9695
2. People would take up any work assignment to enable successful implementation of the strategies 0.9761
3. People believe strongly that the strategic plans will help the organization to achieve its performance goals 0.9628
4. The marketing strategies are quite inspirational to the people that they show a sense of total organizational commitment 0.9636

Overall 0.9748

(VII) MARKETING STRATEGY IMPLEMENTATION:

YOUR PERCEPTION

1. We keep on watching the changes in business environment 0.9614
2. We have a built-in evaluation and control mechanism to ensure
the alignment of our strategies with the business environment 0.9644

3. We make adjustments in our marketing strategies and programmes to cope with environmental changes 0.9634

4. We have the autonomy to adjust the marketing strategy and programmes 0.9703

5. We have an ideal communication network within the organization to ensure no intra or inter functional conflict 0.9657

6. Our marketing personnel have appropriate skills in marketing management 0.9612

7. We upgrade the skills of our people through training workshops and seminars. 0.9620

Overall 0.9681

(VIII) PERFORMANCE EVALUATION: ASP

1. Improved awareness of product/company 0.8663

2. Response to competitive pressures 0.8551

3. Improved market share position. 0.8470

4. Increased profitability 0.8579

5. Expansion into new market 0.8475

6. Just respond to market and follow the leader 0.9353

Overall 0.8904
(IX) PERFORMANCE EVALUATION: AFP

1. R O I 0.9253
2. Profit Margin 0.8833
3. Market Share 0.8645

Overall 0.9227

Data Collection and Analysis of Data

Data Collection

The two-part questionnaire comprised 13 variables (under 5 Constructs) in Part A with multi items (59) under each Construct, developed for the study, placed on five-point (‘Strongly Disagree’ to ‘Strongly Agree’) Likert type scale to measure the perceptions of the marketing executives relating to the construct items (Questions I to VII). Similarly, under questions VIII, the items were placed on a 5 point scale ranging from ‘Very Unsuccessful’ to ‘Very Successful’. Under question IX, the items were placed on a 5 point scale ranging from ‘Much Low’ to ‘Much High’. The assigned scores, in all cases, were 1, 2, 3, 4 and 5 respectively.

Questions in Part B pertained to personal and company profile of the respondents.
Of the 137 eligible strategic business units, only 120 have expressed willingness to participate in the study. So the questionnaire was personally distributed to the 120 eligible respondent-subjects of the study. This was done during June-July 2009. The respondents were also given a note about the definition of the key concepts and constructs of the study. They were assured that the information they provide would be used for our research without revealing their personal and organizational identity.

By September 2009, 120 respondents have returned the duly filled questionnaire. Of the 120 respondents, only those from 111 have been complete in all details and became the final sample size for analysis of data. Therefore, the effective response rate is 92.5%

Table 4.3

Profile of the Respondent Units

<table>
<thead>
<tr>
<th>Type of Operation</th>
<th>No of units</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>68</td>
<td>62</td>
</tr>
<tr>
<td>Trading</td>
<td>37</td>
<td>33</td>
</tr>
<tr>
<td>Service</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>Total</td>
<td>111</td>
<td>100</td>
</tr>
</tbody>
</table>

Of the 111 Subjects of the study, 68 (62%) were representing manufacturing, 37 (33%) were representing trading and 6 (5%) were
representing the service sector. This ratio more or less corresponds to the ratios among business units in the universe and the eligible sect of sample. (Please see Table 4.1, page 92)

Analysis of Data

The primary data collected from the 111 respondent-subjects of the study were analyzed using simple statistical tools. The scores of the respondents’ level of perception (High/Low) for each of the 59 items under each of the 5 Constructs were the basic data to be subjected to analysis (High degree of perception: Score above the median; Low degree of perception: Score below the median as suggested by statisticians like Edwards (1957) and McIver and Carmines (1983).

The analysis of this basic data of respondents’ perception level was to test the significance of the relationship between the different variables. The relationships were hypothesized and they were expressed in terms of null and alternate hypotheses.

Besides percentage measure, a chi-square test was made to test the significance of the relationship between the independent variable and the dependent variable. The result of the chi-square test was further examined by a
measure of correlation coefficient. The question of how far independent variable influences the dependent variable was dealt with by a multiple regression analysis.

Presentation of the Research Report

The study is reported in Anderson et al (1970) report writing style.

Conclusion

Thus far, the procedure and methodology adopted for the conduct of this study were briefed. The next two chapters are the core ones. They report the analysis of the data and the results of the same. The first of the two chapters presenting the findings of the study, chapter five, deal with the hypotheses relating to first segment of the research model comprising Constructs I, II and III.