Vol. 1 • July 2012 • ISSN 2094-9634
doi: http://dx.doi.org/10.7828/assr.v1i1.184

Marketing Strategies as Predictor of Competencies of Selected Established Food Chains in Cagayan de Oro City

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Abstract - The study was conducted to determine the marketing strategies as predictors of competencies of the selected established food chains in Cagayan de Oro City. Specifically, it sought to determine (1) the marketing strategies among the selected established food chains in Cagayan de Oro City in terms of: market mix, market segmentation, market attractiveness, (2) the competencies among the selected established food chains in Cagayan de Oro City in terms of: core competencies, distinctive competencies, and potential competitive advantage, and (3) the significant relationships between the competencies and marketing strategies among the selected established food chains in Cagayan de Oro City. This study utilized the descriptive survey design and thirty respondents (30) were purposively chosen from the selected eight (8) food chains in Cagayan de Oro City. In treating the data gathered, weighted mean was employed in determining the marketing strategies and competencies. Pearson product moment correlation was used to test the significant relationships between the marketing strategies and competencies among the selected established food chains. The study yielded the following results: (1) Marketing strategies measured in market attractiveness was rated high. On the other hand, market mix and market segmentation were rated moderate; (2) Moreover, competencies measured in terms of the core competencies was rated high. On the other hand, distinctive competencies and potential competitive advantage were rated moderate; and (3) High relationship existed between distinctive competencies and market segmentation, and moderate relationships exhibited in market attractiveness. From the findings, it can be said that the selected established food chains employ variety of marketing strategies. These include live band performance to attract customers who are music lovers, accessibility of the location, quality of the taste of the food being served, and business operations start early in the morning until late in the evening. However, for the customers who want to enjoy a quiet meal and to relax prefer to dine in a restaurant with no added amenities such as band performance and music lounge. In terms of marketing competencies, some of these food chains demonstrated a high level of competence since they are using marketing tools and strategies that would attract more customers.

Keywords - Marketing strategies, competencies of food chains, market segmentation

INTRODUCTION

Marketing strategy is a process that allows an organization to concentrate its limited resources on the greatest opportunities to increase sales and achieve a sustainable competitive advantage. A marketing strategy is centered on the key concept that customer satisfaction is the main goal.

A marketing strategy combines product development, promotion, distribution, pricing, relationship management and other elements; identifies the firm's marketing goals, and explains how they will be achieved, ideally within a stated timeframe. Marketing strategy determines the choice of target market segments, positioning, marketing mix, and allocation of resources. It is most effective when it is an integral component of overall firm strategy, defining how the organization will successfully engage customers, prospects, and competitors in the market arena. As the customer constitutes the source of a company's revenue, marketing strategy is closely linked with sales. A key component of marketing strategy is often to keep marketing in line with a company's overarching mission statement.

The 'marketing mix' is a set of controllable, tactical marketing tools that work together to achieve the company's objectives. It is generally accepted as the use and specification of the 'four Ps' (*product, price, place, and promotion)* describing the strategic position of a product in the marketplace. *Product* is tangible object or an intangible service that is mass produced or manufactured on a large scale with a specific volume of units. Intangible products are often service based like the tourism industry & the hotel industry or codes-based products like cell phone load and credits. The *price* is the amount a customer pays for the product. It is determined by a number of factors including market share, competition, material costs, product identity and the customer's perceived value of the product. The business may increase or decrease the price of product if other stores have the same product. *Place* represents the location where a product can be purchased. It is often referred to as the distribution channel. It can include any physical store as well as virtual stores on the Internet. Lastly *promotion* represents all of the communications that a marketer may use in the marketplace. Promotion has four distinct elements - advertising, public relations, word of mouth and point of sale.

Market segment on the other hand, is a group of people or organizations sharing one or more characteristics that cause them to have similar product and/or service needs. A true market segment meets all of the following criteria: it is distinct from other segments (different segments have different needs), it is homogeneous within the segment (exhibits common needs); it responds similarly to a market stimulus, and it can be reached by a market intervention. The term is also used when consumers with identical product and/or service needs are divided up into groups so they can be charged different amounts. These can broadly be viewed as 'positive' and 'negative' applications of the same idea, splitting up the market into smaller groups.

In the market attractiveness, the measure of the profit possibilities lies within the structure of a particular industry or market. There are many different factors that contribute to market attractiveness. These include: (1) market factors such as growth rate and size of the market; (2) economic factors such as investment potential and industry saturation or rates of inflation affecting consumers' purchasing power; (3) technological factors such as availability of raw materials; (4) competitive factors including the types of rival business and the bargaining power of suppliers; and (5) environmental factors such as the existing regulatory climate and the degree of social acceptance for a product within a particular market.

In the distinctive competence and competitive advantage, the strategic planning refers to a firm's efforts to monitor, understand, and adapt to a changing environment in order to establish and maintain a favorable competitive position. Recently, attention has been directed toward assessing and improving the strategic planning activities of smaller companies.

With the presence of the fast food chains in the city, the researchers decided to conduct this study to determine the marketing strategies and marketing competencies. Moreover, since the researchers are Economic majors and this study is related to course.

FRAMEWORK

This study was anchored in the concepts advanced by Meyer, Earl, and Patrick Graham (2001) regarding the three general marketing strategies, which are The Market Mix, Market Segmentation, and Market Attractiveness. Marketing strategies are those which refer to the interplay of methods and approaches. Each has its unique mission and vision that guide the company's marketing plan. Its results, repercussions, and rewards are felt everyday that the failure or success of a business depends on it.

Market Mix refers to the set of correlated tools that work together to achieve the company's main objectives. These correlated tools are described as the 4Ps, namely; the product, price, place and promotion. While it is true that to put-up a business is good to those who can invest, yet still, it is not as simple as it sounds because even in the pricing strategy, reality demands a more sophisticated operation. In relation to market mix, the term market segmentation is also a very important strategy to be considered. It is the second form of marketing strategy well interrelated to market mix.

Market segmentation, in the articles of Meyer and Graham (2001), is a general approach to marketing, enabling businesses to identify one or more appealing segments to which they can profitably target their products and marketing efforts. Its process involves multiple steps. The first step is to define the market in terms of the product's end users and their needs. The second is to divide the market into groups on the basis of their characteristics and buying behavior. The third step is to reduce the pool to those that are reachable, potentially profitable, large enough, and unlikely to be responsive. Lastly, the fourth step is to zero-in on one or more segments that are the best targets for the company's product(s). In market segmentation, consumer markets are different from industrial markets. The most common elements used to separate consumer markets are demographic segmentation, psychographic segmentation, geographic segmentation, and product-benefit segmentation.

Demographic segmentation involves dividing the market on the basis of statistical differences in personal characteristics such as age, gender, race, income, life stage, occupation, and educational level. Psychographic segmentation is based on traits, attitudes, interests or lifestyles of potential customer groups. Geographic segmentation deals on dividing the market on the basis of where people live on neighborhoods, cities, countries, states, regions, or even countries. Its geographic grouping may include the make-up of areas that is urban, sub-urban or rural; size of area; climate; or population. On the other hand, product-benefit segmentation is based on the perceived value or advantage consumers receive from a good or service over alternatives, partitioning markets in terms of quality, performance, image, special features or other benefits that prospective consumers seek.

The risk of financial loss, on the other hand, may be avoided by way of market attractiveness. Market attractiveness is the third general strategy which deals on a business' presentations and incentives. It refers to the measure of possibilities that lie within the structure of a particular industry or market. According to Meyer and Graham (2001), there are many different factors that contribute to market attractiveness. These factors are (1) market factors such as growth rate and size of the market; (2) economic factors such as investment potential and industry saturation or rates of inflation affecting consumers' purchasing power; (3) technological factors such as availability of raw materials; (4) competitive factors including the types of rival businesses and the bargaining power of suppliers; and (5) environmental factors such as the existing regulatory climate and the degree of social acceptance for a product within a particular market.

Market attractiveness is not only focused on the consumers' benefits. But also, it is made to balance the benefits between the businesses – owner relationship. Businessmen must build a rapport to their customers who, in turn, must be well provided and satisfied.

Secondly, this study was also anchored in the concepts advanced by Fry, Hattwick, and Stoner (2001), that competencies and survival are also very important factors in dealing with a marketing strategy. By competencies, business firms put a constant pressure into themselves to cope with their rivals. For the betterment and benefits, each firm advances itself to the best of what it can do, and to the best of what it can be. Competencies can refer core competencies, distinctive competencies, and potential competitive advantages.

Core competencies are some activities that a business performs very well, or the quality that a business possesses in abundance. Distinctive competencies are core competencies that the business is uniquely good at in comparison with rival firms. While, potential competitive advantages are those that the business is capable of exploiting, with the consumers valuing it (Fry, Hattwick, and Stoner, 2001). Survival, on the other hand, is a very important factor that must be foreseen. Hence, salaries, incentives, ingredients, materials, electricity, water, rentals, and taxes are some of the common expenses that most entrepreneurs fail to cope with. Thus, to account them is a very important notion for a business to survive.

In theoretical considerations, every organization possesses many capabilities that enable it to provide its products or services. Some of the necessary activities may simply be performed adequately, while others may actually be performed rather poorly. However, successful organizations conceivably possess certain capabilities which allow them to perform key activities exceptionally well. These capabilities have been termed “distinctive competencies,” a term that generally refers to the unique skills and activities that a firm can do better than its rivals (Selznick 1957; Lado, Boyd, and Wright 1992). These are the distinctive capabilities that support a market position that is valuable and difficult to imitate, allowing a firm to attain a competitive advantage.

OBJECTIVES OF THE STUDY

This study aimed to determine the marketing strategies which are predictors of competencies of the selected established food chains in Cagayan de Oro City. Specifically, this study sought to determine (1) the levels of the marketing strategies among the selected established food chains in Cagayan de Oro City in terms of market mix, market segmentation, and market attractiveness; (2) the level of the competencies among the selected established food chains in Cagayan de Oro City in terms of core competencies, distinctive competencies, (3) potential competitive advantage; and (3) the significant relationships between the level of the competencies and marketing strategies among the selected established food chains in Cagayan de Oro City.

METHODS

The researchers wrote a letter addressed to the Dean of the College of Arts and Sciences requesting permission to conduct the study. Secondly, another letter was made addressed to the proprietors/ owners of the eight selected established food chains in Cagayan de Oro City asking permission to conduct a study on them as owners and among its employees. Upon approval, the researchers distributed the questionnaires to the respondents and were retrieved after they were all filled out.

In treating the data gathered, weighted mean was employed in determining the marketing strategies and competencies. Pearson product moment correlation was used to test the significant relationships between the marketing strategies and competencies among the selected established food chains in Cagayan de Oro City.

RESULTS AND DISCUSSIONS

The results of the study reveal that that the marketing strategies employed by the establishment in terms of market mix were only moderate (2.75). The highest mean (3.50) falls on the item, "Is there a specific product that customers always wanted, does it affect its price?" verbally described as high. On the other hand, the lowest mean (1.81) falls on the item. "Do you do whole sale pricing?" verbally described as fair.

The data in the highest mean reveals that customers do look for special delicacies of what a food chain is known for and the price of the especial delicacies does vary, may it be more expensive, or more affordable. Bagong Lipunan Restaurant, for example, is known as one of the best *pansit* producers in the City of Cagayan de Oro. For more than 30 years it has been observed that Bagong Lipunan has been producing different types of *pansit* canton, and *pansit* guisado. Bagong Lipunan has around 20-30 foods in their menu – such as lumi, chopsuey, sari-sari, calamares, ostrich, beef steak, fried chicken, and others. The data in the lowest mean reveal that wholesale pricing is not commonly applied in most food chains since it is described as seldom. Hence, most customers prefer to dine-in with their peers in a restaurant where there is good ambience and good services. May there be a band presentation or none, it is usual that customers do look for a table to dine-in and relax on a retail price.

Based on the data, it can be implied, that among the 4Ps, (product, price, place, and promotion), the quality of product dominated to be the most important in the preference of the customers. On how the product is prepared must be of great satisfaction to the customers. It is one way to outlast the complexity of pricing strategy. Thus, if the product is on demand because it has good quality and taste, then the right to sell it at a higher price is reasonable. Similarly, Culliton (1948) stated that making decision should be a result of something similar to a recipe, or wherein products are to be sold in retail or wholesale.

The level of marketing strategies in terms of market segmentation was also rated as moderate (3.12). The highest mean (4.00) falls on the item "Is there a specific product that symbolizes your restaurant?", and on the item "Does your product suit the taste preference of the consumers?" verbally described as high. On the other hand, the lowest mean (1.78) falls in item on "Do you serve meals to satisfy your consumer kids", verbally described as fair.

The data in the highest mean reveal that customers, most of the time go to a food chain that is known for its specialty. Symbolism may be categorized into originality and style. Food chains like *Jo's Manokan*, reveals by its name that its specialty are chicken delicacies.

The data in the lowest mean reveals that most food chains are more focused on marketing to adult customers. However, it can be observed that value meals are commonly ordered by adults. Hence, the parents shared their food with their children instead of ordering separately. By market segmentation, it can be implied that the factor on psychology of preference is more dominant than age consideration. In this research, age consideration refers to the minors such as: kids or children. Further, it also implied that most food chains are catering on adult customers since they are already capable of earning or spending money. Morris (2006) stated that food specialty is created by the residents in a specific area and when its taste satisfies the customers, and then it becomes well known not only in the Philippines but also abroad.

Furthermore, the level of the marketing strategies in terms of market attractiveness was rated high (3.50). The highest mean (4.00) falls on the item "Is the size of the establishment attracting customers?" verbally described as high. On the other hand, the lowest mean (2.15) falls on the item "Consider band performance in your establishment", verbally described as fair.

The data in the highest mean reveals that having a spacious area serves as additional attraction to the customers. In the articles of Meyer and Graham (2001), the size of business establishment does imply a potentiality and power of investment. The showcasing of business itself is very important to the cause and effect of attraction. Based on the evidence, Inilog Grill, for example, has a very wide and spacious store. In fact, this establishment has wide screen television, and stage for band performances. Unlike most of the food chains, Inilog Grill has a display of large tables, making customers feel more at ease with space.

On the other hand, the data in the lowest mean reveal that, in other food chains, band performance is not a common style in most food chains. This may be due to lack of investment or capital among the owners to run and manage their business. Most food chains employ simple and not so expensive strategies in order to attract more customers such as offering discounted meals for group dining or by improving their food service.

Market attractiveness is indeed very important. It caters the customers' impression as to how they are made comfortable and satisfied by meeting their wants and needs. The business firms are distinguishing themselves as to how better they serve their customers compared to their competitors. This study is supported by Gavel's

(2006) findings that two of the important factors in market attractiveness are the size and environment of the business establishment.

The level of the competencies in terms of core competencies was rated high (3.63) by the respondents. The highest mean (3.84) falls on the item “Encouragement among co-employees”, verbally described as high. On the other hand, the lowest mean (3.44) falls on the item “Gives seminars and trainings for deserving employees”, verbally described as high.

The data in the highest mean reveals that food chain managements are also focused on the inner motivations of their employees, rather than training the employees on the technicalities of work, food chains are also integrated on how their employees are feeling. Hence, to enjoy one’s work is a very important factor for success.

On the other hand, the data in the lowest mean reveals that, even though very important, seminars and trainings for their employers are not given importance by the selected food chains. Although it was described as “always” in the over-all average, still, it is the lowest compared to others. Thus, seminars and trainings should be done in the first six months of employment, or occasionally twice a year only, and encouragements among employees should be maintained every working hour, or even outside work.

Core competencies, in this study, have been manifested by way of encouragement. It shows that in every business, particularly the employees, have an individual inherent feeling that can be motivated and strengthened for a business to succeed. In other words, a business is not made of a crowd of employees. But, it is made of individuals who are communicating and working together to achieve a common goal. The findings is supported by the study of Fry, Hattwick and Stoner (2001) which states that core competencies are some activities that a business performs very well to ensure the quality and the profitability of the business

Furthermore, the level of distinctive competencies shows that it was rated as moderate (2.85). The highest mean (3.40) falls on item “Restaurant opens for new methods or techniques in preparing or serving special delicacies”, verbally described as high. On the other hand, the lowest mean (1.92) falls on item “Is there a negative feedback on your product?”, verbally described as fair.

The data in the highest mean reveals that, aside from environmental settings, food chains do always look for new innovations to make their products more interesting and persuasive to the looks and preference of their customers. In food chain managements, certain uniqueness of food presentations and specialties are done. Based in the evidence, Loreto's and Steve's, for example, their methods of presenting their specialties are different from each other. Loreto's is apparently in a formal restaurant style. While, Steve's is more on native or alacart style.

The data in the lowest mean reveals that the food chains' products are well-liked by their customers. Although, complaints are possibly unavoidable throughout the years of service, still, the eight chosen food chains have maintained a certain level of patronage from their regular customers. Thus, the difference between the customers' tastes and preferences are met by the unique or distinct style of quality service offered by the different food chains.

This finding is supported by the study of Mendez 1993) which stated that those organizations that chose to compete with clearly defined ways enjoyed relatively better performance and possessed relatively more individual distinctive competencies than those organizations whose strategies were characterized by a lack of clarity.

The results of the study further reveal that the level of the competencies in terms of potential competitive advantage was moderated (3.19). The highest mean (3.44) falls on item "Does your company do everyday monitoring of customer service?" verbally described as high. On the other hand, the lowest mean (2.76) falls in item on "Is there a formal dress code followed in your restaurant?" verbally described as moderate.

The data in the highest mean reveals that most of the food chains studied conduct a daily monitoring of customer service. Other than rentals and quality of products, most of the selected food chains indicated a commonalty of quality service. The findings also reveal that all of the chosen food chains are renting, or are doing promotions but most common to them is that they all a monitor the quality of their customer service.

The data in the lowest mean reveals that not all of the selected food chains are enforcing proper dress code among its customers. They impress customers by providing quality customer service as an alternative to the formality of appearance. As cited by Stoner (2008), planning is important in monitoring, understanding, and adapting to a changing environment to establish and maintain a favorable competitive position.

Furthermore, the findings indicate that, among the three marketing strategies, market segmentation has been the most common strategy used by most food chains in contest to the competencies of their rivals. The finding further shows that market segmentation has the highest prediction manifested on competencies, specifically on the distinctive competencies of the selected restaurants.

Lastly, the data reveal that only the distinctive competencies of the eight chosen food chains have manifested a relationship between the three marketing strategies. Further, distinctive competencies have been the most common to all of the selected food chains. This finding is supported by the study of Conant, Mokwa, and Varadarajan (1990) on a multiple measures-based study which examined the marketing competencies and marketing strategies of the small firms in Ankara, Turkey. The study aimed to determine the distinctive competencies and product/market strategies which were based on a sample. The findings revealed that there are positive relations between competencies, as well as in market mix, and market attractiveness.

CONCLUSIONS

From the findings of the study, the following conclusions are drawn:

The selected established food chains vary in their marketing strategies. Some of them have live band performances to attract customers who are music lovers, some also bank on the accessibility of the location, the quality and taste of the food being served, and the business operation that start early in the morning until late in the evening. However, customers who want to spend a quiet meal and to relax may prefer a restaurant without the added amenities such as live band performances and music lounges.

In terms of marketing competencies, some have been so competent that they have an advantage over the others. However, they should use more appropriate marketing tools and strategies to attract more customers.

RECOMMENDATIONS

On the basis of the findings and conclusions, the following recommendations are offered:

1. The food chains management should consider doing retail pricing in their products as well as wholesale.
2. Imitating specialty from other countries and serving value meals should be done by the food chains to attract foreign customers. Value meals should be served to cater to the needs of the customers who are less financially able.
3. The food chains should give importance on having evening band performances to attract customers who are music lovers.
4. The management of the food chains should provide opportunities for seminars and trainings for the deserving employees to boost the morale of the employees and to ensure effective job performance among the employee.
5. The food chains should place a suggestion box at the entry so that the management would be provided with feedbacks in order to improve their services.
6. The employees of the food chains should be required to wear appropriate attire or should be provided with uniform for proper identity.

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