

whose role it is to invest in and undertake product development and promotion to avoid duplication and conflicting messages. Investments made in these and other coordination mechanisms may prove ineffective if consideration is not given to investments made by other organisations to direct value creation and distribution. Analysing the forms of value exchanged in terms of the benefits and sacrifices considered by consumers in consuming meat also redresses the preoccupation with high volume and low price as the dominant type of value embodied in meat.

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## The effects of marketing organisation on the delivery of added value: a historical comparison of Australia's beef and chicken meat marketing systems.

### Background to research problem

Researchers have signalled the beginning of a transition for agri-food marketing systems to a market oriented approach to deliver customer value. Despite interest in configuring systems to deliver greater value, knowledge is limited on how to achieve this quickly and effectively in Australia's meat marketing systems. As a key to the process, this research focused on understanding how the organisation of marketing functions like promotion, grading, market research and distribution affects forms of value delivered in meat marketing systems. This was achieved by comparing the shifting patterns of marketing organisation and modes of value delivery in Australia's two major meat segments - beef and chicken meat.

An obvious indicator of the transformation that has taken place is the gradual replacement of beef in favour of chicken in Australian diets since the mid 1970s. Like other western markets, Australia's chicken meat segment emerged after World War II and modernised quickly to become a serious competitor to beef – the nation's staple meat. Another sign of the dynamics in the organisation of marketing contributing to this shift in consumption is the growing dominance of retailers in Australian and other western markets. The experience of both segments suggests that the organisations that make up these marketing systems have experimented with different ways of coordinating marketing functions linked to different forms of value contained in meat products. Thus a systematic comparison of the configuration and reconfiguration of these two marketing systems was required to reveal how the organisation of marketing shaped the forms of value exchanged in Australia's beef and chicken meat marketing systems.



## Research design

A comparative historical approach was applied to identify patterns of value delivery across the two cases. This involved the collection, analysis and synthesis of a range of primary and secondary data sources. Primary sources included archival records and documents, corporate communications, media and press reports and interviews. Secondary data was sourced from statistical databases, published books, articles, pamphlets and unpublished theses. Analysis of the cases followed procedures and conventions of historical method and case study research.

## Major findings

Comparison of the configuration and reconfiguration of Australia's beef and chicken meat marketing systems revealed four distinct modes of value delivery: inactive, reactive, submissive and proactive. These four modes were aligned with different forms of value exchanged in meat marketing systems - commodity goods, generic products, value added products and added value brands respectively.

The different types of marketing systems are depicted in Figure 1. Two factors were decisive in explaining the observed patterns. The locus of control over marketing organisation, whether external or internal, is one decisive element. The other defining factor was responsiveness to product and market conditions.

Responsiveness was categorised as either passive or active and depended on the role that coordination mechanisms - quality assurance systems, supply coordination, market orientation and integrated marketing communications - played in detecting changes in the marketing environment and responding to them to deliver value.

From the interplay of these factors the four different modes of value creation were identified. The profiles fit distinct phases of the configuration and reconfiguration of Australia's beef and chicken meat marketing systems as shown in Figure 2. Comparison of the findings with other studies demonstrated that the observed patterns of value delivery did not fit existing models. Firstly, the pattern of value delivery did not exactly follow a forward progression between the stages. The beef segment was stuck in a low cost, high volume value orientation and depended on overseas markets for its survival. As marketing functions were of secondary importance to maintaining large volumes of supply, marketing of Australian beef did not develop in the same fashion as most consumer food and durable product categories. By contrast, the chicken meat segment remained focused on the domestic

	Externalised Control	Internalised Control
Passive Response	Commodity Goods <b>Inactive</b>	Value Added Products <b>Submissive</b>
Active Response	Generic Products <b>Reactive</b>	Added Value Brands <b>Proactive</b>

Figure 1: Types of Meat Marketing Systems

market. While Australia's chicken meat segment resembled the stage models more closely than beef, it too diverged as it returned to a submissive mode in the final phase.

The similarities between Australia's chicken meat marketing system and that of the United States are due in part to the purposeful replication of its configuration by chain participants after World War II. However, as shown in the reconfiguration of this marketing system, existing models do not account for the realignment of meat marketing chains characterised by the return to an emphasis on value added products. This form of value has also come to dominate beef marketing chains as supermarket retailers internalise control over marketing.

	Externalised Control	Internalised Control
Passive Response	Phase 1 Beef (to mid 1970's) Phase 1 Chicken (to late 1950's)	Phase 3 Beef (1997-2002) Phase 3 Chicken (1968-1979) Phase 5 Chicken (1990-2002)
	<b>Inactive</b>	<b>Submissive</b>
Active Response	<b>Reactive</b> Phase 2 Beef (1975-1996) Phase 2 Chicken (1960-1967)	<b>Proactive</b> Phase 4 Chicken (1980-1989)

Figure 2: Major Phases of Value Delivery

## Conclusions and recommendations

Where a customer's pull is stronger than a supplier's capacity to control how their products are marketed a passive dependency on markets can develop. This passive type of responsiveness was seen as the continued dependency of Australia's beef segment on overseas markets. Greater appreciation is needed of the features of market dependent systems and how supplier organisations may become locked out of markets by those occupying strategic positions in the chain inhibiting access to higher value market segments.

The typology developed in this research of inactive, reactive, submissive and proactive marketing systems offers a better explanation for the observed patterns of value delivery than existing stage models. Tracing the alignment of coordination mechanisms to connect marketing functions and streamline flows gave insight into how their configuration and control affected the ability of the marketing system to deliver higher forms of value. The responsiveness or adaptability of coordination mechanisms was as important to the long-term development of each segment as efficiency and effectiveness criterion.

Evidence also suggests that resources devoted to market intelligence and marketing communications should be sustained as much as on-farm R&D to maintain internal control of the chain. Mechanisms should also be aligned to ensure that unique value propositions are created for specific market segments rather than producing commodities or generic products searching for low cost, high volume markets. As meat segments aim to achieve higher, more sustainable returns for participants there should be clearer specification of