

# Strategic Imitation in the Canadian Cast Iron Industry in the Early 20<sup>th</sup> Century

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## Introduction

This paper investigates strategic imitation in the Canadian cast iron stove industry at the beginning of the 20th century. More specifically, we examine how the technological context and the competitive environment shaped production decisions and marketing strategies of foundries producing and marketing cast iron stoves in the province of Quebec at the time. Baillargeon and Gélinas (2009, 2010) have already noted that some of these foundries based their business strategy on product differentiation, often through aesthetics. However, these studies did not try to explain the existence of imitation in the industry. Stove model imitation at the beginning of the 20<sup>th</sup> century in Canada is a phenomenon that has been known for a long time (Arthur & Ritchie, 1982; Baillargeon, 2006; Lessard, 1994). Yet, the literature remains silent as to why imitation was so rampant, despite legal patent protection and despite customers' apparent taste for novelty that can be inferred from printed advertisements of the era. The objective of this paper is to fill this gap and explain the existence and the blossoming of strategic imitation, amongst other strategies, at the time. This paper is also important because it is empirical in nature.

## Literature and Research Hypotheses

From a managerial perspective, the theoretical literature on why strategic imitation may emerge is abundant and sits at the confluence of the strategic management, marketing and economics fields of investigation. As early as in the 1960s, Theodore Levitt noted normatively that "a strategy of product imitation might be as profitable as a strategy of product innovation" (1966, p. 63). This viewpoint was later formalized in the literature on market leader versus market-follower strategies, with pioneer theorists such as Philip Kotler (1972). According to that perspective, the innovator develops a new product, informs the market, and distributes the new product, at a high cost. The innovative firm then benefits from a market-leader position that it hopes will provide a lasting and profitable competitive advantage. However, another firm can take advantage of a newly-developed market to launch a new product that may be a copy of, or an improvement on, the innovator's product, without assuming high development and marketing costs (Levitt, 1996; Shnaars, 1994; Zhang & Markman, 1998). It is already known that late entrants can overtake pioneers outright (Shnaars, 1994; Zheng Zhou, 2006) or be more profitable than market leaders (Bowman & Gatignon, 1996; Robinson & Min, 2002; Urban & al., 1986; Utterback, 1994). Less known are the market conditions that make market-followers thrive.

From a historical standpoint, some analyses of imitation among household goods producers are found in the material culture historiography. These studies are not grounded in theory, but rather comprise methodical observations regarding style and consumption (e.g., Auslander, 1993; Arthur and Ritchie, 1982; Brewer and Porter, 1993; Schammas, 1990).

In order to understand why imitation emerged as a popular marketing strategy in the Canadian cast iron stove industry at the beginning of the 20<sup>th</sup> century, we test and adapt two research hypotheses that were developed recently by Kevin Zheng Zhou (2006) in a pioneering paper designed to understand imitation in a contemporary Chinese context.

H1: "When stove technology is turbulent, imitation strategies become more prevalent".

H2: "When stove competition is intense, imitation strategies become more prevalent".

Testing H1 and H2 empirically in the context of the Canadian cast iron stoves at the beginning of the 20<sup>th</sup> century requires an assessment of the extent to which imitation was a commonly used product

development and marketing strategy (hereafter referred to as “imitation intensity”), as well as an assessment of the technological turbulence and of the competitive intensity of that industry at the time.

### Data Sources

To assess imitation intensity, technological turbulence and competitive intensity in the Canadian cast iron stove industry at the beginning of the 20<sup>th</sup> century, the analyses rely on three main sources of data focused on the province of Quebec. The first is a sampling of newspaper and magazine advertisements of stove published by 33 foundries and 28 merchants which were published in 22 Quebec newspapers between 1900 and 1914. It was not possible to locate additional newspapers that were available to the residents of the province of Quebec at the time and that would have survived until now. The second main source of data includes catalogues which were published and disseminated by two foundries, Bélanger and Clendinneng & Son, during the same period. The catalogues provide model pictures, descriptions, prices, and options. Finally, the third source of data consists of publications that have inventoried a number of stoves produced during that period: Arthur and Ritchie (1982), Lessard (1994) and Moussette (1983).

### Conclusion

Strategic imitation sits at the intersection of the strategic management, marketing and economics fields of research. Couched in a historical setting, the results of our analyses provide support for our hypotheses and thus suggest that strategic imitation in the Canadian cast iron industry at the beginning of the 20<sup>th</sup> century blossomed because the technological turbulence and the competitive intensity were high at the time. Those findings, which were derived mainly from a database of the foundries' marketing publications, are important because they represent one of the few empirical investigations of strategic imitation. Additionally, to the best of our knowledge, this is the first such study in a Canadian historical context. It is also interesting to note that this paper provides support for research hypotheses that are very similar to those of Zheng Zhou (2006), which were developed for, and supported by, analyses of a much more remote – and contemporary – Chinese setting. Our results consequently provide support for the timelessness and borderlessness of the claim that strategic imitation is increasingly profitable as technological turbulence and competitive intensity increase. Our results also suggest that historical settings may provide fertile investigative grounds for additional empirical evidence that is currently lacking regarding the reasons for the emergence of strategic imitation.

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