

Market Orientation Culture: Its Position, Definition And Measurement For Service Firms In Zimbabwe

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Abstract: While marketers are debating on whether marketing should be viewed as both a philosophy of doing business or a set of functional tasks, there is an urgent need for understanding the market orientation culture by service firms and other marketers. Though many of these service firms and marketers are generally aspiring to fully adopt the market orientation culture they seem to be failing to achieve this position partly due to some misconceptions and lack of fundamental knowledge of its dimensions. Some questions asked include whether market orientation culture is the same as marketing concept, or the marketing mix and the customer orientation culture. This conceptual paper provides an explanation of the evolution of marketing concept, the elements of the market orientation culture, definition of market orientation culture and proposed scale for measuring market orientation culture for a service firm.

Keywords: Market orientation, marketing concept, service firms, market driven, production concept, marketing culture.

I. Introduction

Though market orientation is a corner-stone of marketing and management strategy (Gray and Hooley, 2002), many service firms had not adopted this concept fully as evidenced by some poor service delivery and lack of service productivity reported in developing and developed economies. Vazquez, Alvarez and Santos(2002), in their analysis of market orientation in a private non-profit organisation, defined market orientation as the adoption of a sensitive attitude towards the beneficiaries' and donors' real and latent needs and expectations.

While the marketing concept represents a cultural belief and a set of attitudes towards the market, market orientation culture provides the approaches and steps for achieving the philosophy's focus (Esteban, Millan, Molina and Martin-Cosuegra, 2002). The use of the seven Ps, namely; product, pricing, promotion, place (McCarthy, 1964) and people, process and physical evidence (Booms and Bitner, 1981) is a way of achieving service productivity by implementing the market orientation culture. Since market orientation is covered by areas like customer orientation, inter-functional co-ordination, competitor orientation and profitability focus, then its difference from marketing concept is blurred, if not non-existent.

II. The Marketing Concept and Market Orientation Culture in Service Firms

The following model (Fig 2.1) by Jobber, (2010) shows the key features of marketing concept that support the market orientation culture.

The Key Components of the Marketing Concept



Fig 2.1 the Key Components of the Marketing Concept

Source:Jobber. D., (2010:4) Principles and Practice of Marketing, 6th Edition, McGraw-Hill, New York.

Customer orientation involves understanding the needs and wants of customers through proactive research and active listening to customer suggestions and complaints. This means service firms and their marketers need to be reactive and creative at the same time. Integrated marketing involves the various marketing functions like sales, marketing research, advertising and public relations working together to meet customer needs. The marketing function also need to be well co-ordinated with other departments like production, purchasing, accounting and finance, human resources and even the top management in delivering a quality service. The goal achievement involves ensuring the company make profits from long term customer satisfaction and growth of the firm. Another important goal in market orientation is satisfying employees(employee welfare and motivation).

III. Evolution Of Marketing Concept and Market Orientation Culture

There is no guarantee that all organisations will adopt a market orientation culture. A competing philosophy is production orientation. This is represented by an inward- looking stance that can easily arise given that many employees spend their working day at the point of production. It is a business approach that is inwardly focused either on costs or on a definition of a company in terms of its production facilities. The current evolution of marketing concept is given by nine stages which is itemised as production orientation, product orientation, sales orientation, financial orientation, marketing concept, societal marketing, enlightened marketing, relationship marketing and holistic marketing. The first four can all be classified under ‘production orientation’ (Fig 2a) and the last five can also be classified under ‘marketing orientation’ (Fig 2b). While the generalised production orientation is described as a business approach that is inward focused, companies that are market orientated focus on customer needs as the primary drivers of organisational performance (Jobber, 2010).The features and differences between the two broad concepts can be illustrated by the two diagrams below (Fig 2).

The Production and Marketing Orientation

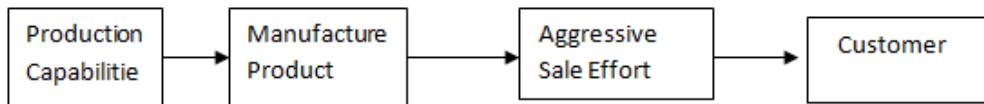


Fig 2.2(a) Production orientation

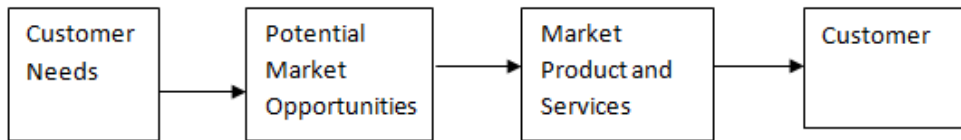


Fig2.2(b)Marketing Orientation

Source:Jobber, D.(2010)**Principles and Practice of Marketing**,6th Edition,McGraw-Hill, New York.

Market-driven companies display customer concern throughout the business. All departments recognise the importance of the customer to the success of the business. Market-driven businesses know how their products and services are being evaluated against those of the competitors.

IV. Comparison of Market Driven and Internally Oriented Businesses In The Context of Market Orientation

The table below (Table 1.1) help to illustrate the key features and differences between production orientation (internally oriented philosophies) and market orientation (market driven philosophies).

Table 1.1 Markets Driven and Internally Oriented Business

Market Driven Business: Marketing Concept; Societal Marketing Concept; Enlightened Marketing, Relationship Marketing, Holistic Marketing Orientation	Internally Oriented Business: Production Orientation; Product Orientation; Sales Orientation; Financial Orientation.
Customer concern throughout business	Convenience comes first
Know customer choice criteria and match with marketing mix	Assume price and product performance key to most sales
Segment by customer differences	Segment by product
Welcome change	Cherish status quo
Try to understand competition	Ignore competition
Marketing spend regarded as an investment	Marketing spend regarded as luxury
Innovation rewarded	Innovation punished
Search for latent markets	Stick with the same market

Being fast	Why rush
Strive for competitive advantage	Happy to be me too
Efficient and effective	Efficient

Source: Jobber, D. (2010:8) *Principles and Practices of Marketing, 6th Edition, McGraw-Hill, New York.*

A market driven business segment its markets basing on customer differences, they value employee and customer innovation, consider marketing budget as investment, strive for gaining competitive advantage and also focus on understanding competitors. An internally oriented company, on the other hand, mainly rely on its price and product strategies, segment market through products; they punish innovation by both employees and customers. They also ignore the existence of competition and the need for gaining competitive advantage. Internally oriented companies are not employee oriented per se, but are inclined to satisfy the needs of top management only. Such companies generally ignore many stakeholders and their needs.

V. Key Elements Of Market Orientation: Jobber(2010)’s Model

Jobber (2010) outlined the key elements that form a market-driven organisation. These include a market led strategy, shared values and beliefs, customer oriented structure, proper implementation variables, skills in understanding and responding to customers and a customer focused culture. These are shown by the diagram below.

Key Elements That Form A Market Driven Organisation

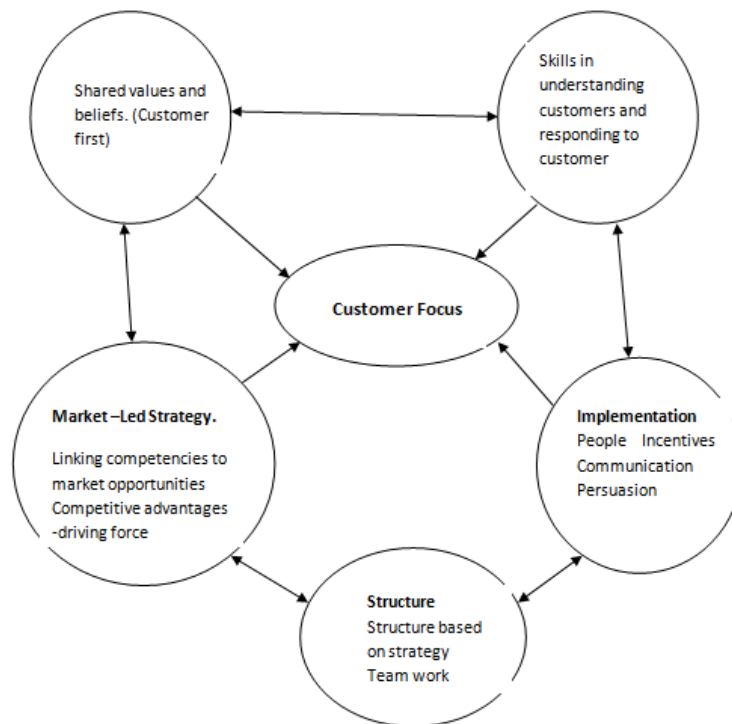


Fig 2.3 .Key Elements That Form A Market Driven Organisation

Source: Jobber,D.(2010) *Principles and Practice of Marketing, 6th Edition, McGraw-Hill, New York.*

The diagram above (Fig 2.3) shows that a customer oriented firm create some market led strategies, design co-ordinated organisation structures and implement its strategies through valuing employees. The same company also possess skills for understanding customers and responding to customers, and has some market driven shared values and beliefs. Some results of pursuing market orientation include customer loyalty, positive word of mouth, improved cash flows, reduced marketing and servicing costs, and eventually increased profitability and shareholder value(Gray and Hooley, 2002).McNaughton, Osborne and Imrie (2002) in their study on ‘market-oriented value creation in service firms’, established that market orientation is positively related to firm performance in a service industry. Their study specifically indicated that market orientation guides investment in both market and non-market assets, gives competitive advantage and value for customers, easier customer attraction, quicker and more extensive market penetration, shorter sales cycles, and decreasing marketing and sales costs, higher share prices and wealth creation for shareholders(McNaughton, 2002).

VI. So what is A Market Orientation Culture?

Mc Donald (2007) defined market orientation as a system for providing goods and services for which there is some known customer demand, as opposed to selling what the company likes to produce. By focussing on customers and their wants, the company is better positioned to make profit. This definition of market orientation emphasise the customer orientation aspects. Jobber (2010) said companies that are marketing oriented are known for being customer driven and put customer needs as a primary driver of organisational performance. McDonald (2007)'s and Jobber (2010)'s definitions are mainly addressing the marketing concept parameters, namely; target market, customer needs, integrated marketing effort and mutually profitable exchange. It is ease for customer oriented firms to know the behaviour of competitors and other stakeholders, and also encourage its workers to be co-ordinated around customer needs, and make long-term profits (Narver and Slater, 1990).

Kohli, Jaworski and Kumar(1993) defined market orientation as the organisation wide generation of market intelligence pertaining to current and future needs of customers, dissemination of intelligence horizontally and vertically within the organisation, and organisation wide action or responsiveness to market intelligence. This was supported by Vazquez, Alvarez and Santos(2002),who developed a scale for measuring marketing orientation in a private non-profit making organisation.

This definition was made as an improvement on Narver and Slater (1990), who defined market-oriented culture as composed of customer orientation, competitor orientation and inter- departmental collaboration. They also viewed this as a group culture aimed at improving the company's performance through taking actions that aim at gaining customer value. The Narver and Slater (1990) definition can be related to the marketing concept that emphasise target markets, customer orientation, co-ordinated marketing effort and mutually profitable exchange (Kotler and Armstrong, 2003). Though Narver and Slater (1990) added the competition component, their emphasis on long-lasting, survival and profit making is equivalent to the mutually profitable exchange of the marketing concept. While we can see that Narver and Slater(1990) gave only two external stakeholders, customers and competitors, in their definition, a more generalised view of market orientation was developed by Liu, (1996), which included developing new products, segmentation, co-ordination of company activities, market planning and marketing research. Though this definition leaves out competitors and other specific stakeholders, it captures the need for carrying out specific marketing tasks like segmentation and marketing research.

In an effort to expand on Narver and Slater(1990)'s definition, Kumar, Subramanian and Strandholm(2002) measured market orientation by relating customer orientation, competitor orientation, inter-functional co-ordination to additional elements like long-term focus, survival and growth, differentiation strategy and low- cost strategy. Though their study established that market orientation produced more positive results in a firm pursuing differentiation strategy, cost leadership also supports the market orientation efforts of an organisation. This broad and expanded focus on market orientation removes some myopic and narrow views that used to see 'customer orientation' as being the same as market orientation. Gray and Hooley(2002) defined market orientation as the implementation of a corporate culture or philosophy which encourages behaviours aimed at gathering, disseminating and responding to information on customers, competitors and the wider environment in ways that add value for shareholders, customers and other stakeholders. Brian Bass's article on the Demand Media outlined the four stages of adopting a market orientation stance. This includes; initiation, reconstitution, institutionalisation and maintenance. His key emphasis was that to implement a market orientation culture, requires redefining the values and mission of the organisation, retraining and recruiting new employees, rewarding the new culture and maintaining the market orientation cultural values.

A marketing culture is made up of a system of values, norms and artefacts designed to create products, deliver those products and satisfy customers (Yoon and Lee 2005). Yoon and Lee (2005) were able to give a comprehensive view of marketing orientation by linking market oriented values, norms and artefacts to marketing strategy formulation behaviour by services companies. Some of these elements of marketing oriented culture include success-orientation, innovation, communication, quality, speed, inter-departmental co-operation, responsibility and respect. The artefacts part of marketing orientation culture is covered by exemplary case, problem case, institutionalisation, ritual, positive language and negative language. The same study by Yoon and Lee (2005) indicated that a strong market oriented culture rating had a strong linkage with a market oriented strategy making process. The components of a marketing planning process that include situational analysis, comprehensiveness of a plan, strategic principles, communication, consensus, resource commitment, execution and control also assisted to define a marketing oriented perspective in a broader way(Yoon and Lee, 2005).

VII. The Dimensions And Scale For Measuring Market Orientation Culture

Vazquez, Alvarez and Santos (2002) developed and recommended a scale for measuring market orientation in private non-profit making institutions. The key dimensions covered were the intelligence generation, intelligence dissemination and responsiveness. Though there is less evaluation on competition side,

the scale covers internal co-ordination, customer orientation, stakeholder orientation, management commitment, employee orientation and the need for upgrading systems. Esteban et al, (2002) defined market orientation as comprising the consumer orientation, competitor orientation, supplier-dealer orientation, environmental orientation and inter-functional co-ordination dimensions. The missing link with the dimensions recommended for the service firms in this discussion is the absence of employee orientation, management commitment and continuous improvement.

The scale for studying a service firms' market orientation culture levels can adopt the six dimensions, namely; customer orientation, management commitment, employee orientation, competitor orientation, inter-functional co-ordination and continuous improvement. The proposed questionnaire items of each dimension are outlined in the following passages. Assessing customer orientation culture could be covered by: customer consultation when designing new products, solving customer complaints timorously, having continuous research for harnessing visitor and stakeholder views, having all units involved in solving customer problems, having friendly frontline employees and having systems and premises designed according to customer needs. The questionnaire items for measuring management commitment of a service firm are to include: management's consideration of customer complaints and service problems, management give support and facilitate frontline employees' work, management creates policies which ensures customer satisfaction, management have adequate knowledge of customer characteristics and needs, management participate in customer visits and meetings, and management reward employees who treat customers fairly and positively.

The level of employee orientated behaviour of the company could be evaluated by considering: the level of employee consultation in decision-making by management, whether performance feedback is shared among employees, the level of employee recognition and encouragement by management, whether employees are trained and given up-to date skills regularly, whether employees are given fair remuneration and special incentives, and whether employees' grievances and issues are addressed amicably and timorously.

The questionnaire items for measuring the co-ordinated marketing effort in service firms are: testing the level of employee and management interaction when solving customer needs, testing whether various departments, sections and units interact with the marketing function for meeting customer needs, testing whether committees and teams exist for improving customer satisfaction, whether different service units share information and resources with each other willingly, and whether the service firm preferred team work and mutual co-operation.

The market orientation study can use; learning new products from competitors, having products that surpass competitors, use of pricing structure based on competitors, deliberate collection of information about its competitors, ability to predict future behaviour and activities of competitors, and knowledge of strong and weak points of competitors, as key items for measuring competitor orientation culture.

The measure of continuous improvement can be covered by a questionnaire section that will test: whether furniture and premises were upgraded to meet new customer needs, whether interior designs reflect new trends in the market, whether information technology was upgraded continuously in relation to customer views, whether the service firms created services and activities that add value to customers, whether the service firms were benchmarked with best performers in the industry, whether utensils, linen and cooking facilities were of modern outlook(eg for a hotel or lodge) , and whether there was monitoring and tracking of customer suggestions.

VIII. Conclusion

The paper concludes that market orientation culture is a multifaceted and comprehensive measure of a business's operations and its ability to deal with both inside and outside processes. Evolution of marketing concept provides an understanding of the origins of market orientation culture. The discussion also reveals that being customer oriented or competitor oriented is not enough for a firm to be described as market oriented since management commitment, employee orientated, inter-functional co-ordination and continuous improvement are also critical. The analyses conclude that a scale for measuring market orientation culture for a service firm can be developed based the proposed market orientation dimensions.

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