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A Review on the Market Orientation Evolution

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Abstract

As a significant contribution to a firm's long-term success, market orientation has burst as a major antecedent of organizational performance. Numerous academic reports on market orientation studies resulted in hardship of its real antecedents and outcomes identification of among managers and academics. In this study the market orientation literature will be reviewed and furnished, theoretically, followed by posing discussions on different aspect of market orientation. A review on the marketing concepts commences in advance, and afterwards, an overview of different approaches in implications of the market orientation literature will be provided. The paper finds that the literature offers a comprehensive, yet fragmented, picture of market orientation meaning and its improvement ways.

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Keywords:

1. Introduction

Internationalization has lead enterprises evolved nowadays in order to be efficient and effective in the competitive environments. Additionally, plenty new companies are born with the purpose of meeting the customers' demand thus making the management adapted new marketing strategies that were shifted from passive conservatism to active business orientation. The 1960s and 1970s witnessed business competitive management attitude of "doing the job right" to "doing the right job". The slogans such as "optimization" and "cost reduction" have changed to "customer satisfaction" and "employee contentment and loyalty" [1].

Competitive advantage is attained when the company is able to satisfied the clients' specific request better than the competitors [2]. But some of the challenges organizations faced today such as how to be proactive in the market orientation, when to execute the on-going assessment plus refitting the company policies and procedure efficiency have to be faced. One possible solution to these challenges

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is by implementing a marketing concept which encompassing market orientation that was extensively studied by Kohli, Jawarski, Narver and Slater since 1990. Marketing highlights on customer interests which when customers' needs are achieved, it create a strong, long-term customer relationship making the company live in longevity, in sequence of gaining a competitive advantage [3-5].

2. Marketing concept

Kotler et al. [6] defined marketing concept as the marketing management philosophy that achieving organizational goals depend on knowing the needs and wants of target markets and delivering the desired satisfactions better than competitors do.

The marketing concept is viewed as a philosophy, the essence of corporate culture [7], or as a cornerstone of the marketing discipline, as Kohli and Jawarski [8]. The marketing concept era was made more popular by [9] of General Electric who quotes that 'marketing concept' axiom was born after 1940 when businesses starting noticing the results from focusing on the customer's well being, rather than only eyeing on the lower prices.

The marketing concept is comprised of a set of literature to which researchers and theorists have made a body of work now generally defined as marketing orientation. The central theme seems to be on the instructions for companies on how to be successful, and the customer was put in as a prime perspective. However, according to [10], small and technology-oriented companies have not yet completely embraced the marketing concept, which is possible due to the small numbers of personnel employed. Conversely, if a company has a numerous of sales people, it tends to naturally orient itself towards a sales and marketing communication. A constituency-based theory of the firm model, according to [11], may provide a specific resources for example is a marketing communication.

Houston [12] states that marketing consists not only of advertising, selling, and promotion, but also includes a willingness to recognize and understand consumer's needs and wants, but also to adjust any of the marketing mix elements, including the products, to satisfy those needs and wants" (p.83). McKitterick [13] utter that the marketing concept is a distinct organizational culture, or a fundamental shared set of beliefs and values built around the customer as the pillar of a firm's view on strategy and operations. Consumers are not the only priority, but according to [14], they discussed that when marketing concept merges with the stakeholder concept, predictably it will become the main focus in the future. Stakeholders in this context means the public that make a company promising in future, namely as the customers, employees, suppliers, and the community around.

The marketing concept became the consolidation of the ideal company culture since in early last century and then the marketing education progressed. The new and improved marketing idea is that the marketing department is not solely in charge, but needs to work side by side with the general management [62]. When this is the prime alarm, customer needs are met and more profit is generated [15]. Business entities who already accept this, manage to stay ahead of the competition by creating products and services catering specifically adhere to their customers. Since the revolutionized in the marketing concept was so successful, researchers took it a step further by exploring the "market orientation" of today [16]. Therefore, a business that is now known as the market-oriented business, it indicates that the business t is already following the marketing idea [8]. Then again, marketing also relates to customer orientation since the main focus was on customers [12], however it has evolved into a dual focus that is on customers as well as the competitors, [17] that something now it was asserted in most characteristic of the market orientation definitions.

Table 1 indicates the evolution of the marketing concept theory. In general, an analysis of distinctive meanings of the marketing concept discloses common viewpoints that concentrate on constructing the value of customer through the inter-functional harmony that are in an organization within different parts. Consequently, those objectives of organization which were defined for a long-term could be obtained efficiently and effectively.

Authors	Marketing Concept Definitions
Cravens and Woodruff [18]	Believing appropriate path to manage a business.
McGee and Spiro [19]	A philosophy of management expressing that a firm has to attempt to fulfill the consumers' needs by matched group of activities that also let the firm to attain its goals.
Abratt and Sacks [20]	An integrated attempt stressed on preparing the satisfaction of customer in order to achieving organization's profit in long-term.
Kohli and Jaworski [8]	The philosophy of Business, policy statement or an aim conducting all activities related to organization move to having knowledge effectively and also fulfilling the needs of customers.
Walker Jr Orville et al.[21]	The planning and coordination of all company activities around the primary goal of satisfying customer needs in the most effective means to attain and sustain a competitive advantage and achieve company objectives over time.
Barry and Evans [22]	A philosophy of consumer-orientation for a firm, institution, or person.
Innis and La Londe [23]	Satisfying the needs of customer through merged marketing in turn satisfying the customer along with achieving the profit.
Kimery and Rinehart [24]	A philosophy of business that keeps beneficial customer satisfaction as the objective of all functioning areas of a business entity and the initial means of obtaining the success of firm in long-run.
Schiffman and Kanuk [25]	Is based on the premise that a marketer should make what it can sell, instead of trying to sell what it has made.
Boone and Kurtz [26]	A company-wide customer orientation with the goal of attaining the success in long-run.
Kotler and Keller [27]	Keeps that the key to obtaining the goals of organization, comprise of the firm can be more effective than revivals in producing, delivering, and communicating superior customer worth to its selected target market.
Wilson [28]	The entire of the organization must be compelled by an aim of satisfying and serving customers in a way which makes capable the objectives of organization in both area either finance or strategy to be attained.
Kotler <i>et al.</i> [6]	The philosophy of marketing management that obtaining the objectives of organization based on knowing the wants and requirements of target markets and delivering the desired satisfactions better than rivals do.

Table 1. Theoretical Evolution of the Marketing Concept

3. The evolution of market orientation

Market orientation was introduced into the academic literature as early as the 1920s [29], and by the year of 1950s, it was then be seen as the marketing operationalization at the organizational level [30], with value and orientation abilities capturing the interest of top management [31]. By the mid-1960s and into the next few years, some empirical studies were measuring the effects of market orientation while the theory of construction was done in order to examine the organizational structure effects on organizational market orientation. However, technological advances is said to be responsible for the diminishing response to individual customer needs and also the importance of organizational market orientation [32].

Over the next decade, the focus shifted once again, this time it is on the selling organization. Evaluation and reward systems were being implemented, thus scrutinizing sales force market orientation started [33]. The salesperson customer orientation or in other words individual level of market orientation is enthralling due to the belief that salespeople's contacts with the customers have a major impact on sales. Researchers continued their focus on to the theories based on the selling firm found that information flow within the organization is the one that expedite organizational market orientation and perceive it divergence as an inhibitor [32, 34].

In about 30 years ago, the interest in relationship marketing sparked [13, 15, 35], resulting in satisfaction and trust being viewed as the serious influences on market orientation and its outcomes [36].

Examples of the early, diverse terminology for basic marketing concepts were "market driven", "market focused", "market oriented", and "customer oriented" [37]. After the year of 1990, "market orientation" became the widely accepted term to be referred to the implementation of the marketing concept and was very well received [38].

At first, Kohli and Jawarski [8] and Narver and Slater [4] wanted to measure and improved the understanding on market orientation phenomenon by focusing on figuring out how market orientation influences different measures of firm performance. Within the stipulated time, market orientation was superior understood, and researchers tried gaining deeper insight into the more complex relationships between market orientation, firm performance, and other branches like innovation, entrepreneurship and the learning organization [16, 39, 40].

One of the two most widely accepted definitions of market orientation is presented by Narver and Slater [4] who observed that the two decisions criteria that made up market orientation as an organizational culture are the long-term focus and profitability along with its three essential dimensions. The criteria encompass understanding target customers by understanding their needs with the support of customer orientation, to produce higher, sustainable values, familiarize with the alternatives, and gain long term upper hand in the competitive market, while it is important to maintain the view of customers' current desires and perceptions because it highly influenced the market. Furthermore, a company must identify and scrutinize its competitors, their strengths, weaknesses, and its present or future actions and strategies [41].

In contrast, the second definition is the behavioral concept put forth by Kohli and Jawarski [8] who implement an information-based view of and present market orientation as the one that encompass three components. First is the generating market info, it should be based on current customer needs and environmental factors; second, the information obtained should be promulgated among alike organizational bodies; and third, after collecting the data, develop and implement new strategies. In other words, being responsive to the ever-changing market implies ongoing research on customers as well as the competitors, sharing information and pro-actively coordinating activities [42]. Therefore, it shows that it is importance to proactively doing business and growing with a competitive edge [43]. This style of marketing is the theory that was different from the organizational proficiency [44].

What makes these two concepts similar is the focus it has on the customer where the customer is the most important component, and how it is important to respond to customer perceptions is. Also, both concepts agreed that besides the customer, external orientation (outside organizational boundaries) is also a necessity. Jawarski and Kohli [45] tend to gravitate towards the ideas of Narver and Slater [4].

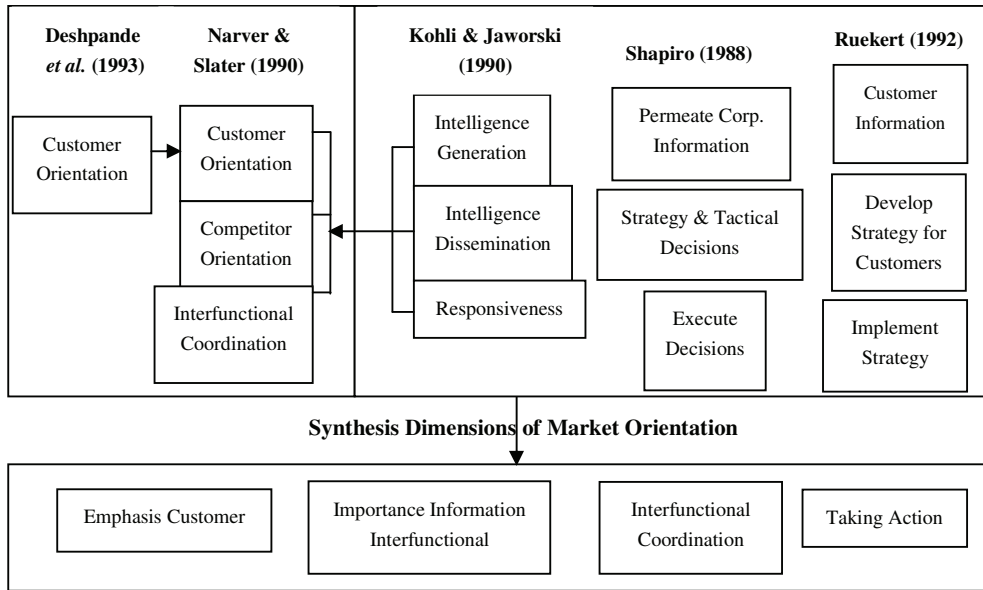
Lado and Martnez [46] came up with a wider definition of market orientation after studied [47] work, which is on a "competitive strategy that involves all functional areas and levels of the organization and embraces the different market participants", and found that *participants* being the final customer, intermediate customer (distributor), competitors and last but not least, environmental factors [48].

Shapiro [35] is possibly the first author to pinpoint the market orientation features where he believes that in a market-oriented firm, information on all important buying influences infiltrate all corporate function who then make internal well-coordinated, strategic and tactical decisions with commitment.

The four separate theoretical views of market orientation described [49] are philosophical/cultural, market information processing, a collective of orientations and a theory of resources and capabilities. On the other hand, Gounaris and Avlonitis [50] maintain that the market orientation is accomplished by the philosophical perspective, where the central belief is the market acts as the primary stakeholder, drives culture forward and then exists as the behavioral standpoint of customer value creation, where it made possible by answering to exceptional information about customers and competitors. Gray and Hooley [51] stand by this integrated perspective that market orientation means learning from and responding to market knowledge in order to achieve stakeholder value.

The great numbers of outlooks has been recommended as the attempt of researchers in turn of conceptualizing the construction of market orientation and implementing it practically. Lafferty et al. [52] present a conceptual framework that merges five market orientation' perspectives (Fig. 2).

Fig. 2. Conceptual Framework for Market Orientation Perspectives



Source: Lafferty and Hult [52]

Helfert et al. [53] categorized market orientation’s literature into three major divisions (p.1120): First perspective is behavioral. When market orientation is concentrated on three parts of market intelligence generation, dissemination, and responsiveness to the information [8]. Secondly, Cultural perspective referring to when market orientation is returned through the attitudes and values of the firm in preparing more the value of customer inward concentrating to present and coming out of customer requirements. Narver et al. [54] pointed that market orientation is a kind of business culture.

System-based perspective is the third part. When market orientation is imagined in the sense of different organizational activities. The management system is segmented into 5 subsidiaries: organization, information, planning, controlling, and human resource [55].

In addition, the four most acknowledged groups of market orientation ‘thought leaders’ are: Shapiro[35], Deshpande et al. [56], Narver and Slater [4], and Jaworski and Kohli [47]. An investigation and analysis by Hadcroft and Jarratt [57] of 51 resources (papers and articles on market orientation) showed that 36 authors frequently referred to the works of one or more previously mentioned thought leaders, who agree that market orientation theory advocates consistent orientation throughout the enterprise, and regular, external market focus. Some conclusions deduced from this analysis showed that market orientation is defined as a succession of behaviors based on information and a culture of customer and competitor orientates inter-functional co-ordination. Moreover, it prioritizes conception and delivery of exceptional customer value. In addition, market orientation prepares behavioral norms for collecting, sharing and answering to market information and also, it necessitates organizational systems and processes to assess customer needs and market intelligence distribution. Furthermore, market orientation requires flexible and adaptive organizational systems, and needs the commitment of top management.

In other literature, Green and Inman’s [58] idea of market orientation comprises customer concentration and needs appraisal. Customer-focus is essentially: customer satisfaction which dictates organizational objectives; understanding customer needs as a basis of organizational strategies; organization’s primary focus on customers rather than competition; and organization’s existence should primarily for serving customers. The needs-assessment scope shows that the organization should constantly monitor commitment/adaptation to customer needs; customer satisfaction and service quality should frequently/routinely/systematically be monitored and reviewed; the organization freely communicates/disseminates information and data on customers’ experiences and satisfaction [59].

4. Conclusion

Michael Porter describes that two of out the five forces that play the significant roles in determining the success of an organization are the buyer power and the rivalry among competitors. In addition, the marketing and market orientation concepts also have been expanded to embrace all the concerns with regard to the customers, competitors and the larger milieu where the firms operated. Kim [60] states that marketing is revolve around the firms' that know how to satisfies the customers' demand although there is no practical method mentioned in.. Holistically, market orientation can be portrayed in three ways: as an implementation of the marketing concept [8], as a culture consisting of behavioral elements [4], and strictly as a culture [56].

This paper unwraps different market orientation stresses and suggests that a market orientation is develops by organizations with regard to its different dimensions. Narver and Slater [4] suggested that the major conceptualization of the concept as an inclination to a different dimension stresses which are observable [61] and dependent on environmental influences. The pivot finding is that only by foraging and probing a wide range of different intra-organizational functions, one can understand the market focus. It could be argued that the restricted attention to the dimensions stresses revealed by firms may weaken many portraitures of market orientation.

Giving a number of useful insights and contributions to theory through the study, the limitations of the research design provides two potentially fruitful lanes for future research in particular. First, a combination of the exploratory, qualitative approach with a more descriptive, broader survey design would be a good choice to mix orientation emphases and performance metrics. Second, future work might assess the generalizability of the gained conclusions here, which could be significantly boosted by considering focuses and environmental factors in vaster business and national contexts. It is hoped that the study act as a catapult towards such future developments.

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