On Market Orientation:

Development and empirical validation of two symmetric component measures of market orientation

November 2005

by Hans F'be Sørensen

Department of Marketing & Management
University of Southern Denmark

Extended abstract
The main contributions of this study are a refined market orientation construct, two symmetric component measures of market orientation – customer orientation and competitor orientation, and a three-step respecification procedure for establishing unidimensionality and a posteriori content validity in multi-indicator measures. Furthermore, empirical evidence reveals that while competitor orientation is positively related to firms' market share, a customer orientation is detrimental to firms' return on assets for manufacturing firms in less competitive environments.

Market orientation is positioned as marketing's contribution to business strategy (Hunt & Lambe, 2000) and is considered an important strategic orientation (e.g. Gatignon & Xuereb, 1997). Stoelhorst and van Raaïj (2004) position market orientation as marketing's explanation of performance differentials between firms. These advantages of market orientation are generally argued to be a consequence of improved market-sensing capabilities and thus improved market responsiveness, particularly in more hostile and unpredictable environments (Day, 1999; Jaworski & Kohli, 1993). Kohli and Jaworski (1990) emphasize that market orientation and other orientations come at a cost. For this reason, it is essential that the bottom-line consequences of firms' market orientation are critically assessed and evaluated (Day, 1994). But what is market orientation?
On the basis of a review of the market orientation literature, it becomes evident that a multitude of definitions of the market orientation construct co-exist. Moreover, the literature review reveals that the empirical research investigating market orientation is based on different measures of market orientation, both in terms of the measures’ factorial structure as well as the distribution of indicators across the factors. For these reasons, this study is designed to determine the salient dimensions of the market orientation construct and to develop and empirically test measures that correspond to these dimensions. Furthermore, the study is designed to investigate the influence of an improved measure of market orientation on the empirical assessment of the relationship between market orientation and firm performance.

Market orientation is an organizational culture dedicated to delivering superior customer value (Narver & Slater, 1990; Homburg & Pflesser, 2000; Day, 1999). A market-oriented culture is manifested in the activities and processes of the firm (Slater & Narver, 1998, see also Slater & Narver, 1995). The market-oriented activities and processes of firms are organizationwide generation and dissemination of intelligence pertaining to customers and competitors, and action taken on the basis of the intelligence (Kohli & Jaworski, 1990; Narver & Slater, 1990). Subsequently, the working definition of market orientation consists of six theoretically distinct components. The six theoretical components form two symmetric and more general components, customer orientation and competitor orientation. The working definition of market orientation provides the basis for the operationalization of measures presented in more detail below.

The refined market orientation construct comprising six theoretically distinct components provided the basis for a theoretical assessment of existing measures of market orientation (Narver & Slater, 1990; Kohli et al. 1993; Deshpandé & Farley, 1998; Matsuno & Mentzer, 2000) in terms of the degree to which they achieve a priori content validity (Nunnally & Bernstein, 1994). The existing measures of market orientation do not achieve a priori content validity as they are construct deficient – particularly with respect to tapping competitor-oriented activities. The necessary indicators required to achieve a priori construct validity are obtained from Professor Slater (personal correspondence, 2003).

The distinction between a priori content validity (before data collection) and a posteriori content validity (after measure respecification based on data) is emphasized in this study. The logic for this
distinction is: it is equally important to have sufficient indicators in one’s questionnaire prior to the data collection as it is to have sufficient indicators in one’s respecified measures. The sufficient amount of indicators is determined by two things: the definition and theoretical dimensionality of the underlying construct and the minimum number of indicators required to tap a given theoretical component. Traditional respecification procedures based on the establishment of unidimensionality by eliminating indicators with low indicator-to-total correlation tend to involve atheoretical elimination of indicators. The possible consequence of atheoretical elimination of indicators is unidimensional but construct deficient and therefore *a posteriori* content invalid measures.

This observation gives rise to the development of a novel three-step respecification procedure for establishing unidimensionality and *a posteriori* content validity in multi-indicator measures. In relation to this study, the novel three-step procedure avoids the elimination of two indicators critical to *a posteriori* content validity on the measures of customer orientation and competitor orientation. The three-step procedure also captures many potentially problematic sources of measurement error as well as procedural sources of content validity that otherwise would have been neglected. Unidimensionality is established by means of the measures’ composite reliability and average variance extracted (Fornell and Larcker, 1981; Bagozzi & Yi, 1988). Other aspects assessing measures’ construct validity applied in the study are convergent validity, discriminant validity, and nomological validity (Fornell and Larcker, 1981; Anderson & Gerbing, 1988, see also Nunnally & Bernstein, 1994).

The empirical foundation of the study is a survey of Danish manufacturing and R&D-based firms. 308 CEOs have provided useful responses to a questionnaire assessing firms’ market orientation, market share as well as the standard control variables on firms’ performance. This data is supported by census data containing firms’ return on assets. Given the six theoretical components of the refined market orientation construct, nineteen theoretical meaningful factorial structures (setup as measurement models in AMOS 5.0) are tested with confirmatory factor analysis in order to establish a valid measure of market orientation. These measurement models include the factorial structures suggested by Narver and Slater (1990) and Kohli et al. (1993). As indicated above, the best fitting measurement model to the underlying data is composed by two symmetric component measures of market orientation – a measure of customer orientation and a measure of competitor orientation.
The two improved component measures of market orientation are then investigated, together with the original Narver and Slater (1990) global measure of market orientation, with respect to their influence on aspects of firms' performance in different environmental conditions. On the basis of the sample data, empirical evidence reveals the negative relationship between customer orientation and return on assets for manufacturing firms in less competitive environments. Furthermore, the results indicate no relationship between firms' competitor orientation and return on assets and customer orientation has no relationship with return on assets in highly competitive environments. Firms' market share is explained by competitor orientation, but not by customer orientation. The study’s results also indicate that the improved component measures of customer orientation and competitor orientation provide much more nuanced and applicable information about the important aspects of firms’ market orientation in relation to performance in different competitive environments.

The influence of competitor orientation and particularly customer orientation on firms' return of assets in different environmental conditions is provocative. While the present study cannot disconfirm the general argument that being market-oriented never can be a negative (Slater and Narver, 1994), it can refine it by arguing that a customer orientation apparently can be a negative. The apparent conclusion is that firm’s activities pertaining to understanding and anticipating changes in their markets do not generate superior customer value. A puzzling result is the detrimental effect of customer orientation in less competitive environments. Evidence from the majority of international studies on market orientation indicate that marketing activities and capabilities are indeed beneficial, but that marketing activities need focus and must be implemented by a profitable purpose and not just blindly executed.

The present data do not provide information about the possible underlying reasons for these results. However, the findings give rise to some general speculations of managerial relevance. Since marketing and market-oriented activities require allocation of resources, the cost/benefit ratio of these activities must be considered on a continuous basis to ensure their high quality and effectiveness. The findings indicate, however, that the quality and effectiveness of market-oriented activities in Danish manufacturing industries may need improvement. The results of the present study therefore call for a stronger managerial emphasis on effective implementation and control of marketing and market-oriented activities.
As a concluding remark, much improvement is apparently still needed for Danish manufacturing and R&D-based firms to achieve the positive effects of market orientation on firm performance as is observed abroad. The general requirements to meet this objective are a more efficient organization of market-oriented activities in parallel with an efficient execution of business strategies based on the intelligence provided by firms’ market orientation.
References


*Journal of Marketing*, 57(July), pp. 53-70.


Matsuno, K. & Mentzer, J. T. (2000), "The Effects of Strategy Type on the Market Orientation-
Performance Relationship", *Journal of Marketing*, 64 (October), pp. 1-16.


4 The Effects of Market Orientation on Product Innovation*

Ljiljana Božić**

Abstract

In the literature, market orientation is defined as a business culture or behaviour that leads to business success. Its influence on product innovation is one way to enhance business performance. The goal of this paper is to analyse the impact of behavioural components of market orientation on the introduction of product innovation regarding its novelty. Research of this type was the subject of the Lukas and Ferell (2000) study. Following their approach, but hypothesising different relationships, research on the impact of the behavioural components of market orientation on product innovation in Croatian companies was conducted. The intensity of the market orientation components is measured using the MK TOR scale developed by Narver and Slater (1990), whose approach to market orientation is accepted in this paper.

Keywords: customer orientation, competitor orientation, interfunctional coordination, product innovation, MKTOR

JEL classification: M31

*This paper was originally published in Privedna kretanja i ekonomiska politika (Economic Trends and Economic Policy), No. 107, 2006, pp. 46-65.

** Ljiljana Božić, Research Assistant, The Institute of Economics, Zagreb
Companies make great efforts in their attempt to be more successful in meeting the needs of their consumers than their competitors, consequently to achieve a better position in the market and better business performance. The needs of consumers and the activities of competitors often stimulate companies to introduce to the market either quite modified or new products, or to supplement their product line by new products. It is by innovation that companies try to improve their business performance and their market share.

Market orientation in a company contributes to an improved understanding of the market. The philosophical background of market orientation is the concept of marketing, the basic assumption upon which it is founded. The systematic study of market orientation began at the beginning of the 1990s. In this respect important are the works of Kohli and Jaworski (1990) and Narver and Slater (1990) who began to study market orientation through a number of activities related to the marketing concept in business. The authors view market orientation from different angles. Kohli and Jaworski (1990) define market orientation in terms of organizational behaviour, or activities relating to business, according to marketing principles, whereas Narver and Slater (1990) study it in terms of organisational culture. In line with this, Kohli and Jaworski (1990) point out three groups of activities which characterise orientation: (1) generation of market intelligence relating to present and future customers' needs; (2) dissemination of intelligence across departments within the organisation and (3) the organisational responsiveness. Narver and Slater (1990) view market orientation as a unidimensional construct made up of three behavioural components: customer orientation, competitor orientation and interfunctional coordination and two decision making criteria: long-term focus and profit focus.

In addition to the above mentioned authors the concept of market orientation has been addressed by a number of others (Day, 1993; Deshpandé and Farley, 1998; Deshpandé and Webster, 1989) who in their studies, to a varying extent, advocated the basic assumptions of the above mentioned approaches. Lafferty and Hult (1999) singled out four characteristics often cited in literature which are all
independent of approach. They are as follows: customer orientation, the importance of intelligence dissemination, interfunctional coordination of market activities, and responsiveness to market activities by undertaking appropriate actions.

It is worth mentioning that the mentioned approaches are not quite opposite or contradictory. As construed by Kohli and Jaworski, market orientation as an element of organisational behaviour (1990) means the thorough operationalisation of the marketing concept. This concept is grounded on the key activities of a company which operates according to the market concept principles. On the other hand, Narver and Slater (1990) integrate the essence of market concept in a better way by including under the market orientation concept all the attributes of the marketing concept and by pointing out the long-term perspective of profit making. According to them, marketing orientation constitutes an element of business culture, the acceptance of which leads to positive results in business. Viewed from this perspective, Narver and Slater’s approach may be considered more coherent. This approach has been adopted in this paper as the theoretical basis for studying the impact of components of market orientation on product innovation.

The two main approaches provide two methods of measuring market orientation: MKTOR (Narver and Slater, 1990) and MARKOR (Kohli, Jaworski and Kumar, 1993). These methods were used as a starting point for a number of other procedures developed to measure market orientation (Ruekert, 1992; Deng and Dart, 1994; Narver, Slater and MacLachlin, 2004).

In the studies addressing the influence of market orientation on business performance, the view prevails that the relationship between these two variables is positive (Greenley, 1995; Hooley et al., 2000; Langerak, 2001; Kahn, 2001; Cano, Carrillant and Jamarillo, 2004; Zhou et al., 2005; Gainer and Padanyi, 2005; Kara, Spillan and DeShields, 2005; Bhuvan, Menguc and Bell, 2005; Hult, Ketchen and Slater, 2005; O. González-Benito and J. González-Benito, 2005). Most of the studies dealing with market orientation impact were founded on research carried out in developed countries, especially in the USA. The positive impact of market orientation on the business performance of firms in transition countries has been proved in Hooley et al. (2000). According to the results of that study, the adoption
of market orientation by firms in the countries in transition has shown positive impact. Further, the authors point out that market orientation in transition economies seems particularly useful for achieving good business performance in view of the market turbulence in these countries.

In respect to market orientation in Croatian firms, the results have revealed that the highest level of market orientation is present in small and medium size enterprises (SMEs) in the manufacturing sector (Rajh and Božić, 2005). In addition, it was noted that companies which are more market oriented derive a higher proportion of their income from exports and also a higher proportion of income from innovation.

As product innovation is considered to be a prime determinant of company growth and a factor that enhances its performance, a question arises as to how market orientation impacts new product development. A literature review shows a difference of opinion as to this linkage. Quite a number of studies reveal a positive influence of market orientation on new product introduction (Kohli and Jaworsky, 1990; Ruekert, 1992; Deshpande, Farley and Webster, 1993; Slater and Narver, 1994; Atuahene-Gima, 1996; Gatignon and Xuereb, 1997). On the other hand, there are studies that reveal an opposite effect of market orientation, on the basis that noticeable market orientation leads to imitation and makes discontinuous innovation development more difficult (Bennett and Cooper 1979; Lawton and Parasuraman, 1980), or that consumer orientation makes commercialisation of new products more difficult (Christensen and Bower, 1996; Leonard-Barton and Doyle, 1996).

In order to establish the impact of market orientation on product innovation Lukas and Ferell (2000) break down the overall concept into behavioural components (as specified by Narver and Slater, 1990) and analyse their impact on the introduction of individual product innovation with regard to the degree of novelty. The results of their study suggest that consumer orientation increases the number of discontinuous innovations and decreases the number of continuous innovations, thus contesting consumer orientation as being the cause of incremental innovations. Contrary to expectations, Lukas and Ferell (2000) revealed that interfunctional coordination does not lead to the creation of radical
innovation. Strongly emphasised interfunctional coordination favours the introduction of new products as extensions to present product lines and decreases the imitation of competitors' products; however, it does not enhance radical innovations.

This study also addresses the influence of components of market orientation on the introduction of innovation of a different degree of novelty in Croatian companies. Bearing in mind that different kinds of product innovation may contribute to business performance in different ways, the importance of market orientation on business performance may indirectly be explained by the influence of market orientation components on the introduction of a product of a specific degree of novelty. However, the focus of this study is exclusively on the relationship between market orientation and innovation and we do not want to suggest that any type of product innovation is superior in respect to its contribution to the overall business performance. We believe that giving preference to any type of product innovation does not necessarily lead to superior business performance. Just introducing an imitation of a competing product with some slight modifications can hardly lead to an extraordinary advantage over competitors and high profit. On the other hand, focusing only on the development of exclusively discontinuous innovations would hardly lead to a high profit. Such a focus would actually lead to the creation of products that competitors will imitate and with minimal investment realise the highest benefits at the moment when accepted by consumers.

The relations among variables as suggested in the study differ from those emphasised in the literature. The reason is that the aim is to point out that market orientation does not necessarily lead to the same performance regardless of company specificities and the market where they operate, and in this way to emphasise its complexity and the importance of the way in which it is construed and applied. The complexity of innovation activities, the outcome which is often quite uncertain, should also be noted.

The study is structured as follows: the empirical study is explained in Chapter 2, the results of the analysis are specified in Chapter 3, while in Chapter 4 basic conclusions are presented.
The approach of Narver and Slater on market orientation has been adopted. Consequently, market orientation is defined in terms of business culture consisting of three behavioural components: consumer orientation, competitor orientation and interfunctional coordination. Consumer orientation as defined by Narver and Slater (1990) includes current and future customer needs in the target market so that a firm is able to continuously deliver products and services of superior customer value. Competitor orientation relates to monitoring and understanding of competitors’ short-term strengths and weaknesses and their long-term capabilities and strategies. Interfunctional coordination refers to the coordinated use of all available resources of a firm in the process of creating superior values for target customers (Narver and Slater, 1990).

In line with the accepted approach, market orientation has been measured by the MKTOR scale developed by Narver and Slater (1990). Another reason for its use here is that its applicability for measuring market orientation has been proved in very different and heterogeneous markets (Hooley, 2000), making it also appropriate for measuring market orientation in the markets of transition countries such as Croatia. The intensity of market orientation components has been measured on a five point Likert scale.

Firm innovation has been measured by the number of new products introduced by Croatian firms during the period from 2001 to 2003. Both continuous and discontinuous innovations are included in this analysis. Continuous innovations are new products with only slight or no technological modifications, which are minor improvements, imitations or supplements to a current product line (de Brentani, 2001). On the other hand, discontinuous or radical modifications represent real novelties and unique technological solutions, involving the development and application of new technologies and state of the art in technology and product categories. To better clarify the types of innovations the questionnaire included questions relating to the number of line extensions, products new to the company (both are continuous innovations), and to discontinuous innovations.
2.1 Research Hypotheses

Consumer orientation as a component of market orientation means continuously identifying wants and needs of customers and trying to meet them in order to achieve good business performance. Customer needs change over time and for different forms of products arise. Companies, by continuously determining needs, come to better know customers and their needs, thus identifying new forms of products which are missing in current lines. In line therewith, hypothesis 1 of the research is as follows:

H1: Consumer orientation enhances the introduction of new products into existent product lines.

Market oriented firms are considered to imitate competitors exactly because of competitor orientation which focuses on discovering the activities of current and potential competitors and comparison of one's own position with the competitor's position. Hence competitor orientation is often accused of fostering the imitation of competitors and consequently of hampering creativity and innovation in a firm. This is the situation if a firm is a follower and is reluctant to change such a position. However, seeking to deduce a competitor's activities does not need to be done only to imitate them. It may also be used to identify competitive opportunities which help the firm to adequately prepare the launching of a product into a market, as well as a stimulus to capture a leading position. It is not necessarily useful to use competitor information only to undertake exactly the same activities as the competition: rather, it may be better to do just the opposite - pursue different strategies and activities. Thus hypothesis 2:

H2: Competitor orientation enhances introduction of discontinuous innovation.

Interfunctional coordination enhances unimpeded information circulation within a firm, communication between departments and employees and making common efforts in achieving the firm's goals. In this respect it creates an environment which lends itself to the creation and exchange of ideas firmwide which may result in new products. Such a situation in the firm can contribute to innovative
2.2 Methodology

Data collection was conducted in the framework of the project "Statistics of innovation in the Republic of Croatia as a basis for defining scientific and technological policies and evaluation of Croatian company competitiveness" (Community Innovation Survey - CINS). The research includes production and service sector companies having 10 or more employees.

The selection of sample units was randomised using the Croatia business database. The data collection was conducted by a mail survey accompanied by telephone prompts. The sample consists of 567 Croatian companies from the production and service sectors employing 10 or more employees. The sample included both sectors because of the fact that market orientation is applicable in all firms regardless of whether they are engaged in production of tangible products or in the provision of services. In the sample service companies prevail to a slight degree. Service companies account for 55 percent while production sector companies being 45 percent. With regard to the sample structure related to company size, small and medium size enterprises prevail. Small enterprises constitute 75.6 percent, medium ones 18.8 percent, and 5.7 percent of enterprises in the sample are large enterprises.

The hypotheses were tested using the regression analysis. The regression analysis results are presented in the text that follows.
Table 1 presents the regression analysis results relating to the impact of market orientation components on the introduction of product innovations of a certain degree of novelty. In general, all three models of multiple regression show a high level of statistical significance, thus indicating that the relationships obtained as measured for the sample population are highly probable.

The coefficient value of multiple determination and adjusted coefficients of multiple determination in all three regression models demonstrate that the regression models have explained only a few of the variations. The first model relating to the impact of market orientation component on new products in existent lines has explained only 6.95 percent of variations; the second model has explained 3.83 percent, while the last one has explained 9.07 percent of variations. Since the coefficient of multiple correlation is a monotone non-decreasing function of the number of independent variables, its value can be increased by adding more variables, thus making a model more representative (Šošić, 2004, p. 452). In this study the representativeness of the model has not been increased by adding new independent variables because of the objectives and the very distinct focus of the study on the impact of market orientation components on company innovation.

To establish the quality of the regression models, the extent of multicollinearity was analysed in the models. Multicollinearity in a regression model measures the existence of any narrow linear correlation of independent variables or their approximate linear combination (Šošić, 2004, p. 517). To establish whether the insignificance of individual variables is a consequence of the fact that several variables explain the same part of the dependent variable, analysis of the existence of multicollinearity between independent variables was conducted. To establish in a more precise manner the existence of multicollinearity in model variances, inflation factors, and tolerances (which are actually equivalent measures) have been used, as is usually the case.
Table 1: Regression Analysis Results Relating to the Impact of Market Orientation Components on the Introduction of Product Innovations

<table>
<thead>
<tr>
<th></th>
<th>Line extensions</th>
<th>Product new to a firm but not to the market</th>
<th>Discontinuous innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Beta coefficient</td>
<td>Standard error</td>
<td>Significance level (p)</td>
</tr>
<tr>
<td>Consumer orientation</td>
<td>0.139</td>
<td>0.063</td>
<td>0.028695</td>
</tr>
<tr>
<td>Competitor orientation</td>
<td>0.253</td>
<td>0.071</td>
<td>0.000420</td>
</tr>
<tr>
<td>Interfunctional coordination</td>
<td>-0.295</td>
<td>0.063</td>
<td>0.000007</td>
</tr>
<tr>
<td>Model significance</td>
<td>0.000000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Correlation coefficient (R)</td>
<td>0.264</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coefficient of multiple determination (R^2)</td>
<td>0.066</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted coefficient of multiple determination</td>
<td>0.063</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Variance inflation factor values as well as tolerance values in all models and for all independent variables clearly demonstrate that there is no multicollinearity between the independent variables. Specifically, in no case does the variance inflation factor exceed 5 or 10, nor is the tolerance lower than 0.2 or 0.1. This means that the same part of the dependent variable is not explained by two or all three independent variables, in other words the fact that the variable “consumer orientation” significantly impacts (at the level of 5 percent) the introduction of products new to a firm, but not the market nor it impacts discontinuous innovation, is not the consequence of multicollinearity.

The results of multiple regression on the influence of market orientation components on the introduction of certain kinds of innovation indicate a significant and positive influence (β = 0.139, p = 0.029) of consumer orientation on the introduction of new products in existent product lines. Its influence on the remaining two kinds of innovation is not significant. This finding supports the hypothesis that consumer orientation encourages the introduction of new products in existent product lines. However, one should bear in mind that competitor orientation also positively influences the introduction of the same kind of innovation and that its impact is stronger than the consumer orientation (β = 0.253, p = 0.0004). It follows that consumer orientation is not the sole and only principal precursor of the introduction of new products to existent lines. Companies that demonstrate a stronger intensity of consumer orientation simply are more inclined to introduce this specific kind of innovation.

| Table 2: Variance Inflation and Tolerance Factors in Regression Models |
|-------------------------|-------------------------|-------------------------|-------------------------|
|                         | Line extensions         | Product new to a firm but not to the market | Discontinuous Innovation |
|                         | Variance inflation factor | Tolerance | Variance inflation factor | Tolerance | Variance inflation factor | Tolerance |
| Consumer orientation    | 1.636                   | 0.546     | 1.866                   | 0.526     | 1.334                   | 0.749     |
| Competitor orientation  | 2.313                   | 0.432     | 1.799                   | 0.566     | 2.154                   | 0.462     |
| Interfunctional coordination | 1.529                  | 0.518     | 2.499                   | 0.403     | 2.272                   | 0.440     |

Croatian Economic Survey 2006
Competitor orientation positively impacts the introduction of all kinds of innovation; however, the intensity of this impact is the strongest with discontinuous innovation ($\beta = 0.412; p < 0.001$). The above observation supports hypothesis H2, that discontinuous innovation is encouraged by competitor orientation. As competitor orientation positively impacts the introduction of both types of continuous innovation, one should bear in mind that monitoring of competitor activities, their strengths and weaknesses leads to competition imitation. However, the better companies know their competitors, the better the opportunity to develop products which exceed significantly other products offered in the market either by competitors or by the company itself.

The third market orientation component, interfunctional coordination, has a significantly negative impact on the introduction of all three types of innovation. In other words, the higher the intensity of interfunctional coordination, the lower the introduction of any type of product innovation by the company. This is the only market orientation component whose beta coefficient shows a negative relationship. The beta coefficient value does not show significant oscillations in the intensity of impact for different types of innovation ($\beta = 0.295$ for line extensions, $\beta = -0.270$ for product new to a firm and $\beta = -0.323$ for discontinuous innovation). This finding is in contrast to the initial assumption of a positive impact from interfunctional coordination on the introduction of product innovation. Hence hypothesis H3 is entirely rejected.

4 Conclusion

The research in this study focused on establishing the impact of each and every individual market orientation component on the development of a specific type of product innovation. According to the findings, the higher the consumer orientation intensity, the more a company is inclined to supplement existing product lines with new products. This finding is in contrast to the research findings obtained by Lukas and Ferrell (2000), according to which consumer orientation encourages introduction of discontinuous innovation and reduces the number of innovations which are not new to the market.
Regardless of the fact that the research findings demonstrate that consumer orientation does not impact the introduction of discontinuous innovation, consumer orientation need not necessarily be the main and the only factor to blame for making innovation and creativity in the development of new products more difficult, as asserted in the literature. It is more than logical that a consumer oriented company, to better and more completely meet its needs, will keep modifying its products and keep supplementing existing lines with new products. This is supported by the sign and the level of significance of the $\beta$ coefficient for the "consumer orientation" variable in the regression model.

It is of paramount importance to know what market is in question and what consumers are to be targeted by innovation activities and from whom information will be collected, because this will determine the information we will get. Information collected from consumers or buyers with whom a company cooperates successfully probably is not very likely to stimulate complex innovation departing to a large extent from existing products in the market.

Contrary to the prevailing views that competitor orientation leads to innovation activities being reduced to imitating competitors, the study started from the assumption that this is exactly the market orientation component that encourages development and introduction of discontinuous innovation. The results obtained supported the starting hypothesis. Competitor orientation also encourages the introduction of both types of continuous innovation; however, its intensity is higher for the introduction of discontinuous innovation. This finding clearly indicates the importance of the interpretation and use of information obtained by monitoring competitors. Finding out about competitors' behaviour and about the activities they perform may be used for their immediate imitation, which is a very simple "response" to their activities. If it is in the interest of a firm to be a follower in the market, then decisions on the introduction of new products, which are only an imitation of what competitors already offer in the market, will be made on the basis of information relating to competitors' activities. However, based on the same information, a firm can decide to undertake activities quite different from those undertaken by competitors. In such a way it will achieve or maintain the position of a market leader.
Consumer orientation may function in a very similar way. The study findings demonstrate that the greater the intensity of consumer orientation, the greater is the introduction of new products in existing lines, so that consumer orientation may lead to different effects, as demonstrated by Lukas and Ferrell (2000). If this market orientation component is focused on the identification and meeting of latent needs, then it may be a trigger for the introduction of discontinuous innovation. The effects depend on what the firm or its managers and employees consider a consumer orientation or a competitor orientation. In this case, the views of managers or employees, respectively, about the situation in the market are also important as they are often considered in business decision making.

In contrast to the initial hypothesis of a positive influence of interfunctional coordination on the introduction of product innovation of any degree of novelty, the regression analysis findings demonstrate a significant negative influence. Interfunctional orientation refers to the dissemination of intelligence across a company fostering common efforts by all company departments and all employees to achieve objectives. These activities should certainly contribute to company innovation. However, the higher the degree of interfunctional coordination, the lower the degree of a company’s innovation.

Such a finding may indicate that a company is having serious problems relating to the development of new products. Dissemination of information and knowledge is very often definitely not directed towards innovation activities. Interfunctional coordination may contribute to the improvement of business performance, but in Croatian companies this is not achieved by innovation activities. In the specific case of interfunctional coordination, it is essential to assess how the intelligence is used within the company. In Croatian companies intelligence dissemination and common efforts of all departments throughout the company obviously are not focused on the development of new products.

The cause of the problem may be either the domination of individuals who hamper innovation or the resistance of certain managers to accept market orientation or to develop innovation. Both behaviours in line with market orientation principles and innovativeness are values to be introduced at the company level. This in other words means that these values need to be accepted
uniformly across all departments and by all employees. In actual business operation this is not always the case because of the quite frequent resistance of certain individuals. When such individuals are in a position to impose their own values and patterns of behaviour, the effects may be far from the desired ones.

The research in this study is based on a heterogeneous sample which includes companies from the service and production sectors. Companies engaged in various activities have been included as market orientation is deemed to be a concept applicable in companies from all sectors and all activities. However, such an approach may to a certain extent make conclusions relating to specific effects in a specific type of a company rather difficult. For a more profound explanation of the effects of market orientation and related components it is necessary in the analysis to take into account the specificity of a company and the market in which it operates. A follow-up study will examine the conditions required for certain effects to be achieved and the reasons for the successful achievement thereof.

Regardless of the extent of the applicability of market orientation, conclusions about the primary manner in which it operates are hard to generalise. There is always a question as to what effects will be achieved, bearing in mind other business factors and why just these effects have been achieved. On the one hand, there are the consumers, market participants whose behaviour depends on a number of social, psychological and cultural factors. Identifying the wants and needs of such market participants is carried out in a continuous fashion, along with monitoring of competitor activities. For the market information to be usable and able to contribute to business performance, employees should be encouraged to work together in order to achieve company objectives. All this evidence shows the complexity of introducing and applying a market orientation into a company's operation. However, benefits arising from its application are worth the effort.
Literature


MARKOR PLUS:
Suatu Pendekatan Baru Untuk Pengkayaan Konsep Orientasi Pasar

Indriandy Sudirman

Abstract

Market orientation is an implementation of marketing concept. Despite market orientation concept can be approached through market driven and company driven approaches, the constructs developed the concepts still reflect the market driven. This article tries to energize market orientation concept (Kohli 
& Jaworski, 1990) to customer learning in order to make the operationalization more effective. Customer learning: a synthesized result of market driven and company driven market approaches, learning theory, and perception as precursor of behavior.

Key words: Market orientation, intelligence generation, intelligence dissemination, intelligence responsiveness, customer learning.

PENDAHULUAN


Konsisten dengan pemikiran tersebut mengimplikasikan bahwa tujuan orientasi pasar sama dengan tujuan pemasaran. Tujuan pemasaran adalah menghasilkan shareholder value melalui penjualan nilai unggul bagi pelanggan (Pawira, 2001). Penalarannya adalah sebagaimana disajikan pada skema berikut.
Penalaran hierarki tujuan generik pemasaran diperkuat oleh sejumlah besar penelitian yang membuktikan adanya hubungan positif antara orientasi pasar dengan kinerja (antaralain Narver & Slater, 1990; Greenley, 1995; Kohli & Jaworski, 1990a; Bhuian & Sahid, 1997; Matsuno & Mentzer, 2000).

**PENGERTIAN, KONSTRUK, DINAMIKA, dan BERBAGAI PERSPEKTIF KONSEP ORIENTASI PASAR**

1. Pengertian dan Konstruk Orientasi Pasar

Meskipun terdapat berbagai pengertian yang dikembangkan mengenai orientasi pasar, tetapi empat orang yang memberikan kontribusi penting bagi pengembangan konsep tersebut adalah Kohli & Jaworski dan Narver & Slater.

Menurut Kohli & Jaworski (1990a, p. 6) orientasi pasar adalah :

*Organizationwide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organizationwide responsiveness to it.*

pemasaran.

Berdasarkan pengertian tersebut, maka Kohli et al. (1993) mengembangkan pengukuran terhadap orientasi pasar yang dikenal dengan

MARKOR (market orientation). Komponen utama MARKOR—sesuai definisi yang mendasariya—terdiri dari intelligence generation, intelligence dissemination, dan intelligence responsiveness. Ketiga komponen tersebut diukur oleh 32 item pengukuran. MARKOR dikembangkan secara terus menerus, hingga pada tahun 2000 Matsuno

MARKOR tersebut menjadi 44 item pengukuran.

Adapun Narver & Slater (1990, p. 21) menyatakan bahwa orientasi pasar terdiri atas tiga komponen perilaku—orientasi pelanggan, orientasi pesaing, dan koordinasi interfungsional—and dua kriteria pengambilan keputusan—fokus jangka panjang dan kepemilikan.


2. Dinamika Perkembangan Konsep Orientasi Pasar

Penelitian mengenai orientasi pasar dilakukan secara terus menerus dari tahun ke tahun untuk mengembangkan elemen-elemen yang membangunnya, agar lebih baik dalam menjadi konsep pemasaran. Tabel berikut menyajikan berbagai penelitian yang relevan dengan hal tersebut.

<table>
<thead>
<tr>
<th>Peneliti</th>
<th>Contoh &amp; Negara</th>
<th>Tipe Industri</th>
<th>Elemen MARKOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Narver &amp; Slater, 1990</td>
<td>113 SBU, USA</td>
<td>Industri</td>
<td>Orientasi konsumen, orientasi pesaing, koordinasi interfungsional, fokus pada profit jangka panjang</td>
</tr>
<tr>
<td>Hooley et al., 1990</td>
<td>1010 Chief Marketing executives, UK</td>
<td>Industri produk-produk, keluhatan, dist komoditas khusus, eksportir</td>
<td>Peran dan fungsi pemasaran</td>
</tr>
<tr>
<td>Ruekert, 1992, 5 SBU pada satu perusahaan (400 data : manajer dan tenaga penjual)</td>
<td>Lintas Industri</td>
<td></td>
<td>Menggunakan sub skala informasi, pengembangan strategi orientasi pasar, implementasi strategi berorientasi pasar</td>
</tr>
</tbody>
</table>

Tabel 1. Penelitian Orientasi Pasar dari Tahun ke Tahun
<table>
<thead>
<tr>
<th>Peneliti</th>
<th>Contoh &amp; Negara</th>
<th>Tipe Industri</th>
<th>Elemen MARKOR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Doyle &amp; Hooley, 1992</td>
<td>1380 perusahaan, UK (Chief Marketing Executives)</td>
<td>Lintas Industri</td>
<td>Pendekatan terhadap pemasaran, sikap CEO terhadap pemasaran, peran pemasaran dalam perusahaan, hubungan kerja antar bagian fungsiional</td>
</tr>
<tr>
<td>Kohli et al., 1993</td>
<td>229 SBU, USA</td>
<td>Lintas Industri (Informasi pemasaran dan non pemasaran)</td>
<td>Intelligence generation, intelligence dissemination, intelligence responsiveness</td>
</tr>
<tr>
<td>Jaworski and Kohli, 1993</td>
<td>222 SBU, USA</td>
<td>Lintas Industri</td>
<td></td>
</tr>
<tr>
<td>Diamantopoulos and Hart, 1993</td>
<td>87 perusahaan, UK</td>
<td>Perusahaan manufaktur</td>
<td>Intelligence generation, intelligence dissemination, response implementation</td>
</tr>
<tr>
<td>Selnes et al., 1996</td>
<td>198 SBU di USA dan 237 SBU di Scandinavia</td>
<td>Lintas Industri</td>
<td>Persepsi konsep pemasaran (4 dimensi): tujuan pemasaran, fokus pemasaran, sentralisasi pemasaran, orientasi pasar (versi Kohli and Jaworski)</td>
</tr>
<tr>
<td>Bhuvan and Gader, 1997</td>
<td>237 rumah sakit di USA</td>
<td>Rumah sakit</td>
<td>Replikasi dari Kohli and Jaworski</td>
</tr>
<tr>
<td>Peltham, 1997 160 perusahaan, USA</td>
<td>Lintas industri kecil</td>
<td>Lintas Industri</td>
<td>Intelligence generation, intelligence dissemination, intelligence responsiveness</td>
</tr>
<tr>
<td>Langerak et al., 1997</td>
<td>483 perusahaan industri, Nederland</td>
<td>Lintas Industri</td>
<td>Orientasi pemasaran pelanggan, orientasi kepuasan pelanggan, orientasi pemasaran, orientasi pemasok, koordinasi interfungsional</td>
</tr>
<tr>
<td>Cadogan et al., 1997</td>
<td>198 perusahaan dari UK dan 103 perusahaan dari Belanda</td>
<td>Perusahaan ekspor</td>
<td>Export intelligence generation, export intelligence dissemination, export intelligence responsiveness, co-ordinating mechanism</td>
</tr>
<tr>
<td>Gounaris and Avlonitis, 1997</td>
<td>444 perusahaan dari Yunani</td>
<td>Lintas Industri (10% jasa)</td>
<td>Orientasi pasar sebagai sikap dan sebagai perilaku (versi Kohli and Jaworski)</td>
</tr>
<tr>
<td>Liu and Davies, 1997</td>
<td>115 perusahaan</td>
<td>Ritel</td>
<td>Market intelligence, responsiveness, competitor orientation, coordination of business operation</td>
</tr>
<tr>
<td>Caruana et al., 1998</td>
<td>84 perguruan tinggi di New Zealand</td>
<td>Perguruan Tinggi</td>
<td>Diadaptasi dari skala Kohli and Jaworski</td>
</tr>
<tr>
<td>Kumar et al., 1998</td>
<td>159 rumah sakit di USA</td>
<td>Rumah Sakit</td>
<td>Diadaptasi dari skala Narver and Slater</td>
</tr>
</tbody>
</table>
Tabel

Peneliti | Contoh & Negara | Tipe Industri |
---|---|---|
Lado et. al., 1998 | 34 perusahaan di Belgia, dan 32 perusahaan di Spanyol | Industri Asuransi |
Van Egreen and O'Connor, 1998 | 67 perusahaan dan 289 tim manajemen puncak secara individu, USA | Lintas Industri Jasa |
Chang and Chen, 1998 | 150 perusahaan di Taiwan Broker Saham | |
Gray et. Al, 1998 | 374 Senior Executives di New Zealand | Lintas Industri |
Han et. al., 1998 | 134 perusahaan di USA | Bank |
Vorhees et.al., 1999 | 87 perusahaan di Australia | Lintas Industri |
Harris and Percy, 1999 | 107 manager toko, UK | Ritel |
Grewal and Tansuhaj, 2001 | 132 perusahaan di Thailand | Lintas industri |

Elemen MARKOR

Analisa klien, analisa distributor, analisa pesaing, analisa lingkungan, koordinasi interfungional, tindakan strategik pada pelanggan, tindakan strategik pada pesaing, tindakan strategik pada lingkungan makro

Orientasi pelanggan, orientasi pesaing, koordinasi interfungional

Orientasi pelanggan, orientasi pesaing, koordinasi interfungional, dan orientasi profit

Orientasi pelanggan, orientasi pesaing, koordinasi interfungional, respon, dan penekanan pada profit

Orientasi pelanggan, orientasi pesaing, koordinasi interfungional

Intelligence generation, intelligence dissemination, intelligence response-stiveness

Orientasi pelanggan, orientasi pesaing, koordinasi interfungional

Information generation, information dissemination, response design, response implementation

**Sumber:** Bhutaian & Gader (1997), Dawes (1999), Grewal & Tansuhaj (2001), Soehadi (2001)

Sebagaimana ditunjukkan pada tabel, dari berbagai penelitian yang dilakukan untuk mengembangkan konsep orientasi pasar, kesemuanya berakar pada satu hal yang harus diperhatikan perusahaan yaitu mengidentifikasi dan menyajikan nilai unggul bagi pelanggan.

3. Berbagai Perspektif Terhadap Konsep Orientasi Pasar

Berbagai studi telah dilakukan untuk merumuskan orientasi pasar. Studi-studi tersebut telah menghasilkan berbagai definisi, cara pandang, dan elemen-elemen untuk membangun konstruks orientasi pasar. Dari hasil studi tersebut definisi orientasi pasar dapat disimpulkan sebagai berikut (Soehadi, 2001):


c. Sebagai keyakinan dan nilai dalam organisasi
(Payne, 1988; Webster, 1988; D. sphand, et al., 1993).
e. Sebagai aktivitas atau proses (Saphiro, 1988; Day, 1994; Hunt and Morgan, 1995; Cadogan et al., 1997; Kohli and Jaworski, 1990; Ruekert, 1992)

Studi selanjutnya mencoba menggambarkan beberapa konsep yang berhubungan diantaranya konstruk-konstruk orientasi pasar, misalnya:

b. Pembelajaran organisasi (Slater and Narver, 1995; Tuominen and Moller, 1996).
c. Kriteria pengambilan keputusan (Narver and Slater, 1990; Deng and Dart, 1994; Gray, Mateer and Matheson, 1998).
d. Integrasi interfungsional (Shapiro, 1988; Narver and Slater, 1990; Cadogan and Diamontopoulos, 1995).
e. Orientasi Pemasok (Langgerak et al., 1997; Parkinson and Chambers, 1998) atau

f. Orientasi Kualitas (Frit, 1996; Parkinson and Chambers, 1998).


PERKEMBANGAN dari CUSTOMER DRIVEN, MARKET DRIVEN, dan DRIVING MARKET


Jaworski et al. (2000) menyatakan bahwa ada dua pendekatan yang dapat dilakukan untuk herorientasi pasar, yaitu pendekatan market driven dan pendekatan driving market. Market driven merujuk pada orientasi bisnis yang berdasarkan pada pemahaman dan reaksi terhadap pilihan-pilihan dan perilaku pemain di struktur pasar yang ada. Strategi tradisional berfokus pada konsumen dimana diasumsikan bahwa konsumen mengetahui apa yang mereka inginkan. Implikasi dari hal tersebut adalah the rules of the competitive game dibentuk oleh pembeli (Carpenters et al., 2001; qf Jacobucci, 2001). Sedangkan pendekatan driving market mengimplikasikan pengaruh terhadap struktur pasar dan atau perilaku pasar dengan tujuan meningkatkan posisi persaingan.


PEMBELAJARAN PELANGGAN SEBAGAI KOMPONEN SINERGIS YANG MEMBENTUK MARKOR PLUS

Meskipun diyakini bahwa orientasi pasar dapat meningkatkan kinerja, namun orientasi pasar masih memiliki beberapa kelemahan dalam prakteknya. Beberapa penelitian menunjukkan bahwa orientasi kepada pelanggan secara berlebihan dapat merusak organisasi (Bennett & Cooper, 1979; Frosch, 1996; Mac Donald, 1995; qf Grewal & Tansuhaj, 2001). Sebutlah misalnya Christensen & Bower (1996), menyimpulkan dari analisisnya pada industri hard disk drive bahwa "perusahaan tersebut kehilangan posisinya sebagai..."
Penulis mengajukan konsep orientasi pasar untuk pencapaian tujuan organisasi melalui peningkatan nilai unggul bagi pelanggan (SCV) dan penciptaan keunggulan berdaya saing berkelanjutan (SCA).

Kelemahan-kelemahan yang dimaksudkan penulis, berbeda dengan yang dimaksudkan pengembang teori sebagai hasil inovasi yang mampu menghasilkan pelanggan sebagai komponen suplemen terhadap pelanggan. Sebaliknya penulis memadukan implikasi dari kata “pengaruh” dengan pembelajaran kepada pelanggan agar mampu menilai jenis, kualitas, dan diferensiasi dari suatu produk.


Pembelajaran pelanggan membentuk pemahaman, persepsi, logika, dan preferensi terhadap produk dan merk. Dalam situasi persaingan yang tajam, keunggulan merk dapat dikembangkan melalui pembelajaran pelanggan. Strategi keunggulan merk akan meneiptakan keunggulan berdaya saing berkelanjutan bagi perusahaan.

Situasi ini sangat nyata ketika konsumen diperkenalkan kepada produk yang sama sekali baru seperti penyaji jasa internet atau kuliner yang mampu mengorganisir peredaran bahan makanan. Konsumen sama sekali tidak memiliki pengetahuan mengenai produk, konsep nilai tentang produk tersebut, dan pengalaman untuk mampu memilih di antara tawaran yang tersedia. Produk/merek yang sukses biasanya adalah milik para pionir. Pekerjaan utama pionir adalah (Carpenter, 2001 qf Jacobucci, 2001) :

a. Mengajari konsumen mengenai aspek-aspek penting dari produk tersebut (membentuk persepsi)

b. Menciptakan konsep nilai terhadap produk (membentuk preferensi konsumen untuk menyukai produk)

c. Membantu konsumen menciptakan logika untuk memilih di antara merk para pionir (mengembangkan strategi merc).

Nilai yang mampu diha...


**PENUTUP**


Konstruksi yang membangun orientasi pasar dari Kohli & Jaworski (1990) belum cukup kuat untuk mencerminkan suatu gerakan proaktif yang dibutuhkan dalam lingkungan yang semakin dinamis. Penulis mengandalkan pembelajaran pelanggan sebagai kombinasi antara pendekatan market driven dan driving market. Pembelajaran pelanggan disintesakan dari kedua pendekatan tersebut, yaitu pembelajaran, dan persepsi sebagai penggerak perilaku. Dengan demikian diharapkan tercipta...
hubungan yang sinergis antara perusahaan
dengan pelanggan. Hubungan demikian
berpotensi bertahan dalam jangka waktu panjang
sebab berdasarkan asas saling manfaat dan saling
percaya.

Oleh karena itu, MARKOR Plus
merupakan aksi yang konsisten dengan konsep
pemasaran baik dari segi paradigma yang
mendasarinya maupun pencapaian sasaran
pemasaran.

**DAFTAR PUSTAKA**

Baker, William E. & James M. Sinkula (1999),
“The Synergistic Effect of Market
Orientation and Learning Orientation on
Organizational Performance”, *Journal of
27, No. 4, p. 411-427.

Bhuian, Shahid N. & Mohsin Habib (2000),
“Entrepreneurship and Market
Orientation : Direct Relationship and

& Abdallah Abdul-Gader (1997)
“Market Orientation in the Hospital
Industry”, *Marketing Health Services*,

Cadogan, J.W., A. Diamantopoulos, & C.P. de
Measure of Export Market Orientation : Scale
Construction and Cross-Cultural
Validation”, *Warwick Business School*.

Boston.

Subjective and Objective Company
Performance Measures in Market
Orientation Research : Further Empirical
69-75.

Representations of Competitive
58, p. 31-44.

Press, A Division of Simon & Schuster,

Organization : Understanding,
Attracting, and Keeping Valuable
Customers*, The Free Press, A Division

George & Liam Fahey (1988),
“Valuing Market Strategies”, *Journal of

“An Analysis of the MKTOR and
MARKOR Measures of
Orientation : An Australian Perspective”,

and Methodological Concerns”,

Company Performance : Empirical
Evidence from UK Companies”, *British

“Building Organizational Capabilities for
Managing Economic Crisis : The Role of Market
Orientation and Strategic
Flexibility”, *Journal of Marketing*, Vol. 6,
p. 67-80.

Gummesson, Evert (1999). *Total Relationship
Marketing : Rethinking Marketing
Management, From 4Ps to 30Rs*,

Hamel G. & C.K. Prahalad (1994). *Competing for
Boston.

Han, Jin K., Namwoon Kim, & Rajendra K.
Organizational Performance : Is
Innovation a Missing Link ?”, *Journal of

“Innovation, Market Orientation, and
Organizational Learning : An Integration
and Empirical Examination”, *Journal of


