

MARKETING

# Creating market orientation in local companies

by Albert Caruana

Market orientation, which is the requirement for organisations to focus on the needs of customers in guiding their strategies, has been the focus of marketing education and training efforts for many years. Presumably, the market oriented organisation will be more successful, whatever that means. Yet there has been little evidence that this is indeed so.

**Few attempts**

For something supposedly so important as market orientation, there have been few serious attempts to measure the construct, an even less effort expended on significantly linking it to performance criteria such as profitability, growth and market share. In short: does it really pay off for an organisation to be market oriented? In recent years, spurred primarily by the work of Ajay Kohli of the University of Texas and Bernie Jaworski of the University of Arizona,

there has been a revival of interest in market orientation and what it involves.

The market oriented firm is one which successfully applies the marketing concept. The term 'market' oriented is to be preferred to 'marketing' oriented because this highlights its organisation-wide application as opposed to something only marketing departments do. One view is that the marketing concept can be defined in three ways: as a philosophy, as a construct and a currently implemented. Much of the confusion over the years in defining marketing and in the understanding of the marketing concept, results from a failure to make these three distinctions between marketing as a culture, marketing as a strategy and marketing as a tactic.

**Philosophy**

There is a broad agreement that market orientation as a philosophy consists of three core aspects. These are:

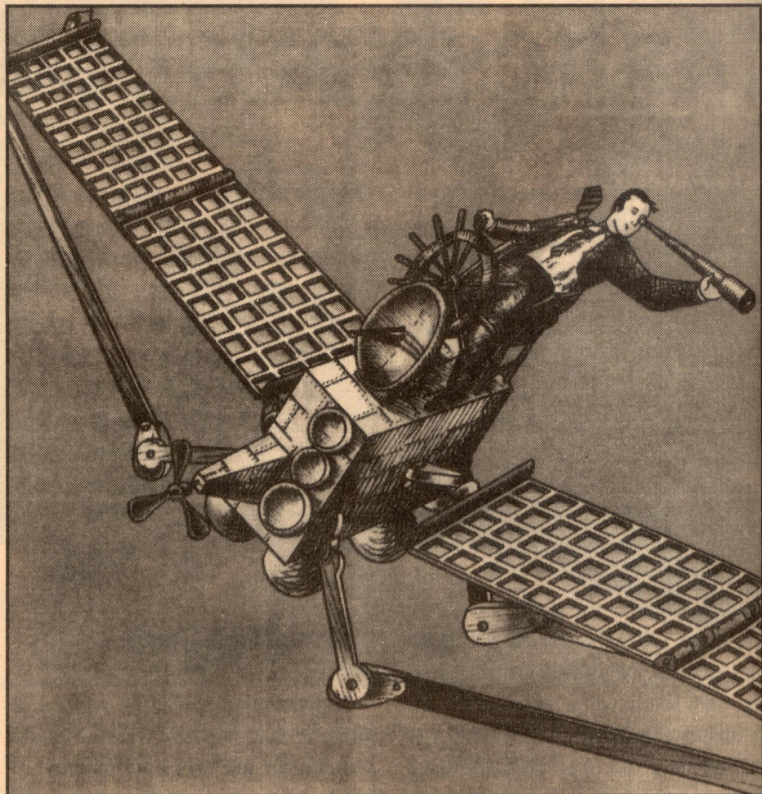
(a) customer orientation. This requires an understanding of the psychological and social factors that determine the customer's action. Such an understanding enables the marketer to ask the market research questions that enable the identification of core needs, which in turn will give clear direction to basic research.

(b) The integration effort which enables the firm to provide the value to meet customer needs. It involves the need to coordinate endeavour in terms of the elements of the marketing mix for each product or service. Moreover, because market orientation is an organisation-wide prescription, it is necessary that the whole firm is organised and co-ordinated in the service of the customer.

(c) Organizational objectives (or, in the case of business firms, profitability). Adopting the marketing concept seeks to serve customer needs in order to meet the requirements for achieving objectives/profit. This is essential for long-term survival. Market orientation, from the beginning, was formulated with a view to providing the organisation with long-term direction. Many managers however, especially in western firms, must balance this against the demands they face for short-term performance.

**Concept**

Kohli and Jaworski have contributed to our understanding by providing an operational definition for market orientation as a construct. They do this by comparing the three core elements of market orientation as a philosophy, to the perceptions of practising managers. This enables them to offer the following definition: "market orientation



The search for market orientation is essential for local companies

**Measure**

is the organization-wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments and organization-wide responsiveness to it." Market intelligence is seen to be not just based on 'verbalised customers opinions' but as 'a broader concept' in that it includes consideration of such factors as competitors, and political and legislative change that affect customer needs and performance. The current as well as future needs of customers are also considered.

Recently, Jaworski and Kohli have provided researchers and practitioners with MARKOR, an instrument for measuring market orientation. This has attracted much research attention in the USA, and has also been used to measure marketing orientation in firms in countries such as the United Kingdom and elsewhere.

At last, using MARKOR, organisations will be able to measure and assess their level of market orientation. An even more fundamental question is already being answered: and does it make a difference? Jaworski and Kohli suggest it does.

Results from Malta also suggest that market oriented firms are more profitable, enjoy higher levels of growth, and overall, exhibit better performance.

Dr Albert Caruana is a lecturer in marketing at the University of Malta.



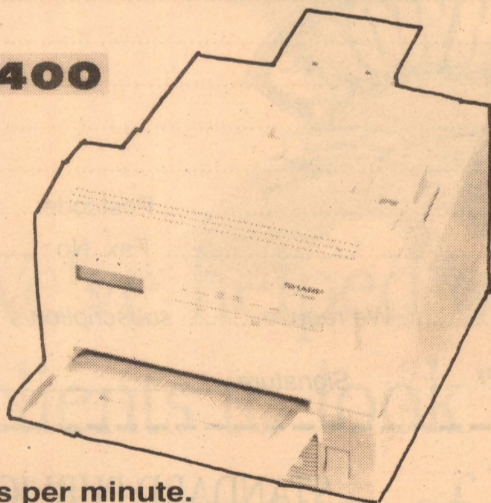
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