

The Evolution and Conceptualization of Market Orientation: What Managers Ought to Know

**Reginald Sheppard
University of New Brunswick**

Market orientation, viewed mostly as an implementation of the marketing concept, is probably one of the most studied areas of marketing. Some argue that it is a philosophy, or way of being, while others argue that it is a set of business practices to be implemented. Others argue that it is a combination of these two, aligned with the strategic mandate of the firm. To fully understand market orientation and its importance, one must be able to trace its development and subsequent research contributions. This paper provides such an over-view.

INTRODUCTION

A review of the extant literature shows that market orientation has attracted a lot of interest from both academics and practitioners, and is probably one of the most studied areas of marketing. Of all the researchers in this field a majority frequently and consistently reference one or more of four groups of “thought leaders” (Hadcroft and Jarratt, 2004). These include i. Shapiro, ii. Narver and Slater, iii. Kohli and Jaworski, and iv. Deshpandé, Farley, and Webster Jr. “Collectively, these four groups posit the notion that market orientation theory promotes a uniform orientation throughout the enterprise, and a consistently external focus on markets” (Hadcroft and Jarratt, 2004). Taken from Hadcroft and Jarratt (2004), an examination of the works of these four groups provides the foundation of market orientation:

1. Market orientation is defined as a sequence of information based behaviors, and a culture of customer and competitor orientations and inter-functional co-ordination.
2. Market orientation places high priority on the creation and delivery of superior customer value.
3. Market orientation provides behavioral norms for gathering, sharing and responding to market information.
4. Market orientation requires organizational systems and processes for the assessment of customer needs and market intelligence dissemination.
5. Market orientation requires adaptive organizational structures.
6. Market orientation requires the commitment of top management.

WHY DEVELOP A MARKET ORIENTATION

For many years research on market orientation has shaped marketing thinking (Helfert, Ritter, and Walter, 2001). Many studies illustrate the predominant view that developing a market orientation is positively associated with superior performance for the firm (Kirca, Jayachandran, & Bearden, 2005; Harris, 2001; Harris and Ogbonna, 2001; Langerak, 2001; Shoham and Rose, 2001; Farrell, 2000; Slater and Narver, 2000; Narver, Slater, and Tietje, 1998; Day, 1994; Slater and Narver, 1994a; Deshpande, Farley, and Webster, 1993; Jaworski and Kohli, 1993; Ruekert, 1992; Narver and Slater, 1990). Specifically, the research findings show that market orientation is positively related to profitability (Slater and Narver, 1994; Ruekert, 1992; Narver and Slater, 1990), new product development and success (Atuahene-Gima, 1996; Atuahene-Gima, 1995; Slater and Narver, 1994), sales growth (Greenley, 1995a; Slater and Narver, 1994), increased sales revenue and higher levels of employee satisfaction, commitment and trust (Ruekert, 1992; Jaworski and Kohli, 1993), customer service and retention (Narver and Slater, 1993), overall levels of business performance (Jaworski and Kohli, 1993), better innovation-marketing fit, product advantage and better inter-functional teamwork (Atuahene-Gima, 1996; 1995). Greenley (1995a; 1995b) found that companies with a comprehensive market orientation performed marginally better than others with respect to performance (Farrell and Oczkowski, 1997). A second fundamental tenant reflected in its delivery of a superior competitive advantage (Menguc and Auh, 2006; Jaworski and Kohli, 1993). Other researchers have reported non-significant or negative effects for this association (e.g., Agarwal, Erramilli, and Dev, 2003; Sandvik and Sandvik, 2003; Bhuian, 1997). Some studies have shown that market orientation leads to higher innovation and corporate success (Helfert et al., 2001).

Precluding the findings of Helfert et al. (2001), Conrad (1999) found sufficient evidence to indicate that firms with innovative/entrepreneurial cultures likely differ in their perceptions of market orientation as opposed to “firms that place relatively less emphasis on innovation/entrepreneurship.”

Additional research has obtained disparate findings on the effects of moderators of the relationship between market orientation and performance (e.g. Grewal and Tansuhaj, 2001; Slater and Narver, 1994a). Helfert et al. (2001) state that moderating variables need to be considered at least under certain circumstances, and further state that the usefulness of the market orientation concept must also be questioned when looking at the realities of business markets. Coinciding with Gray, Matear, Boshoff, and Matheson (1998) contention that external environmental factors play a role in developing a market orientation, Helfert et al. (2001) suggest that in most, if not all, cases the firms’ “surroundings” should be seen as a network of inter-organizational relationships rather than an anonymous market, and further argue that developing such relationships is important for a firms’ survival. Hadcroft and Jarratt (2004) continue by saying that market orientation is probably best viewed as a process as opposed to an ideal state. The process being talked about is one where organizational development is directed towards aligning the organization with its served markets.

THE FUNDAMENTAL ISSUES SURROUNDING MARKET ORIENTATION

The research base relating to market orientation shows several underlying questions, or themes, and issues that have helped generate and shape much of the research that has been conducted. According to Lehmann (1994) the scholarship on market orientation revolved around, and still does, four basic questions – i. what is market orientation, ii. how does market orientation fit in the firm?, iii. how do you get it? (i.e. what are its antecedents?), and iv. what impact does it have on the firm? (i.e. what are its consequences?). Dobni and Luffman (2000) state there are four issues that permeate market orientation research initiatives, and relate to i. how market orientation is defined, ii. the scope of market orientation, iii. how market orientation should be measured, and iv. the role market orientation plays in strategy development and strategic management.

While the debate surrounding the marketing function continued well into the 1990’s and early 2000, a “rediscovery” in the late 1980’s and 1990 set the stage for establishing the market orientation framework (Deshpande, 1999; Day, 1994; Dickson, 1992; Webster, 1988). However, the origins of the construct of

market orientation and customer orientation can be traced back to Adam Smith (Wilkinson, (forthcoming); Helfert et al., 2001) who stated, in his “Wealth of Nations”, that “consumption is the sole end and purpose of all production and the interest of the producer ought to be attended to only so far as it may be necessary for promoting that of the consumer”. Most marketing researchers, however, refer to Drucker (1954) as the roots of market orientation (Helfert et al., 2001).

By the late 1980’s, the term market orientation was being used synonymously with the term marketing concept (Shapiro, 1988; Webster, 1988), and the governing determinants of a market orientation were identified as market information collection and usage (Siguaw, Simpson, and Baker, 1998). Shapiro (1988) said that an organization has a market orientation only if “information on all important buying influences permeates every corporate function”. Selnes and Wesenberg (1993) very simply explained market orientation as a “response to market information”. Both perspectives are rather brief in substance, but do highlight that market information is a prerequisite for a market orientation.

THE MARKETING SCIENCE INSTITUTE (MSI) – INFLUENCE AND ROLE

A delineation of the programmatic scholarly research on market orientation (note that terms such as market-oriented, customer-focused, market-driven and customer-centric have become synonymous with proactive business strategy in firms worldwide (Deshpandé, 1999) shows three significant contemporary events. The first of these was in April 1987, when the Marketing Science Institute (MSI) organized a conference in Cambridge, Massachusetts. The topic, very simply, was “Developing a Market Orientation”. This conference had two primary goals. The first was to showcase some of the early learning from market orientation implementation, and the second, more important one, was to articulate the need for strong, scholarly research to better define, measure and model the market orientation construct (Deshpandé, 1999). From this conference it was found that the bulk of the work from the previous ten years focused around i. a need for measuring the level of a company’s market orientation, ii. a need for understanding whether there is an optimal level of market orientation, given the strategic context of a firm and its industry, and iii. a need for thinking of market orientation as a basis of rather than a substitute for, innovation in a company (Farley, 1987).

The second major development that accelerated market orientation research was an MSI conference in September 1990 (Deshpandé, 1999). Unlike the MSI conference of 1987, where the four speakers were executives from leading companies, this conference featured practitioners and management theorists and marketing scholars. The business practitioners reported on their own company’s experiences with trying to “instill” a market orientation. The academics framed their remarks and findings within the context of understanding organizational change (Deshpandé, 1999). At this conference an additional session had been devoted to reporting the findings from MSI-funded empirical studies on market orientation. Three separate teams of researchers reported on their work surrounding market orientation. Rohit Deshpandé, John Farley, and Frederick E. Webster, Jr. reported on their findings of customer orientation in major Japanese firms. Bernard Jaworski and Ajay Kohli reported on their findings concerning the antecedents and consequences of market orientation. John Narver and Stanley Slater discuss strategies for increasing market orientation. The work of both Jaworski and Kohli (1993) and Narver and Slater (1990) provide the basis for a rigorous formulation of the market orientation construct. According to Swartz (1990), two additional themes surfaced at this conference: i. a greater need to understand what causes a high market orientation in a company and its impact on business profitability, and ii. a greater need to understand market orientation at multiple levels, including those of a corporate culture and a strategic orientation. These two themes provided much of the framework of market orientation research for the next one and a half decades.

The third major development came with the establishment of research on market orientation as a “capital research topic” or highest research priority for funding by MSI (1994-1996 MSI Research Priorities (Deshpandé, 1999). The motivation behind such a designation was twofold: i. to help ensure that future generations of scholars would continue to examine this topic, and ii. to help ensure a continuance in the submission of research proposals to MSI on topics pertaining to market orientation.

According to Deshpandé (1999), market orientation research quickly became a popular area for dissertation thesis research, due in part because of MSI's showcasing of the strategic importance of the topic for its member firms, as well as MSI's support of the annual Alden G. Clayton doctoral dissertation proposal competition. Named in honour of former MSI president Alden G. Clayton, who retired in 1986 after more than a decade of leadership at the institute, The Alden G. Clayton competition recognizes the best doctoral dissertation proposals on important marketing subjects.

These three major developments (from which we see the MSI as an important source of funding as well as a major sounding board for generating research ideas and agendas for market orientation) presents the MSI as the key research organization that has been shepherding the growing body of scholarship on market orientation (Deshpandé, 1999). It can be reasoned, therefore, that the MSI is responsible for the formulation of research practices and priorities in market orientation. As Deshpandé (1999) concludes, the MSI has served as the intellectual bridge between the academic and practitioner communities, surfacing research ideas based on corporate interest, marshalling a group of scholars who would work in this area of marketing, and providing a mechanism for diffusing the research knowledge generated to both practitioner and scholarly communities.

SUBSEQUENT RESEARCH AGENDA'S AND FINDINGS

Following the MSI conferences of 1987 and 1990, a number of conceptual and empirical papers appeared in the early 1990's that more clearly described the role of the marketing function, more specifically describing what a market orientation is and what it consists of (Day, 1994). What is interesting to note is that these, and subsequent definitions, of market orientation have been developed from conceptualizations of the marketing concept: therefore, much of the variation in definitions may be attributed to the diverse manner in which the marketing concept has been defined over time (Siguaw et al., 1998).

From this emerging literature, it was determined, and accepted, that market orientation represents superior skills in understanding and satisfying customers (Day, 1994; Day, 1990). Some researchers felt that market orientation was mainly a business philosophy and the implementation thereof (with marketing orientation being the actual business philosophy) (Houston, 1986; Baker, 1989; Dixon, 1990; Hooley, Lynch and Shepherd, 1990; Gounaris and Avlonitis, 2001), grounded upon specific attitudes and beliefs. Others felt that it was more a set of strategies and the implementation of business activities geared towards i. satisfying customer needs, and ii. improving the company's marketing skills (Bonoma, 1985; Trout and Ries, 1985; Elliot, 1987; Canning, 1988; Bonoma and Clark, 1992), with changes required in the organizational structure and marketing systems of the company if such an approach was followed (Payne, 1988).

Within this framework of "behavioural-strategical approach" to marketing orientation, Piercy (1992) suggests that market (marketing) orientation is comprised of three elements (Gounaris and Avlonitis, 2001):

1. Strategies, concerning the critical decision of market definition and market segmentation as well as the identification of potential bases for the differentiation of the company's products against competitive offerings.
2. Plans, concerning the product development, the pricing policy of the product, the promotional activities and the designing of the distribution channels and physical distribution policies.
3. Information, concerning the entire market and its use for both strategy design, planning, and control.

From both a practical and research perspective these positions initially led to complication and confusion (Dreher and Krismer, 1992). It also illustrates the ambiguous nature of market orientation. On

the surface, it appears to make sense, but such perspectives offer little in the way of how to operationalize a business philosophy or what types of concrete actions to take to help a firm become more market oriented. Later, Gauzente (1999) argues that if market orientation is considered a business philosophy, then what exactly is a business philosophy? Gauzente (1999) provides the following summary:

1. From a conceptual standpoint, Dreher (1993) demonstrates that an original ambiguity exists concerning the nature of the market orientation phenomenon: is it a business philosophy or a set of activities?
2. Gabel (1995) argues that the domain specification of the concept is not clear and well circumscribed.
3. The operationalization of the concept presents several insufficiencies in comparison to Churchill's paradigm (Churchill, 1979) which entails, in addition to the fundamental specification of the domain of a construct, the generation of a large sample of items and an iterative purification procedure with several data collections.

The following definitions of market orientation give an idea as to how the construct was being framed at this time:

D1: Market orientation - a set of beliefs that puts the customer's interests first (Deshpande, Farley, and Webster Jr., 1993).

D2: Market orientation - the ability of the organization to generate, disseminate, and use superior information about customers and competitors (Kohli and Jaworski, 1990).

D3: Market orientation - the coordinated application of inter-functional resources to the creation of superior customer value (Narver and Slater, 1990; Shapiro, 1988b).

D4: Market orientation - is the business culture that most effectively and efficiently creates superior value for customers (Narver and Slater, 1990).

CONCEPTUAL MODELS OF MARKET ORIENTATION

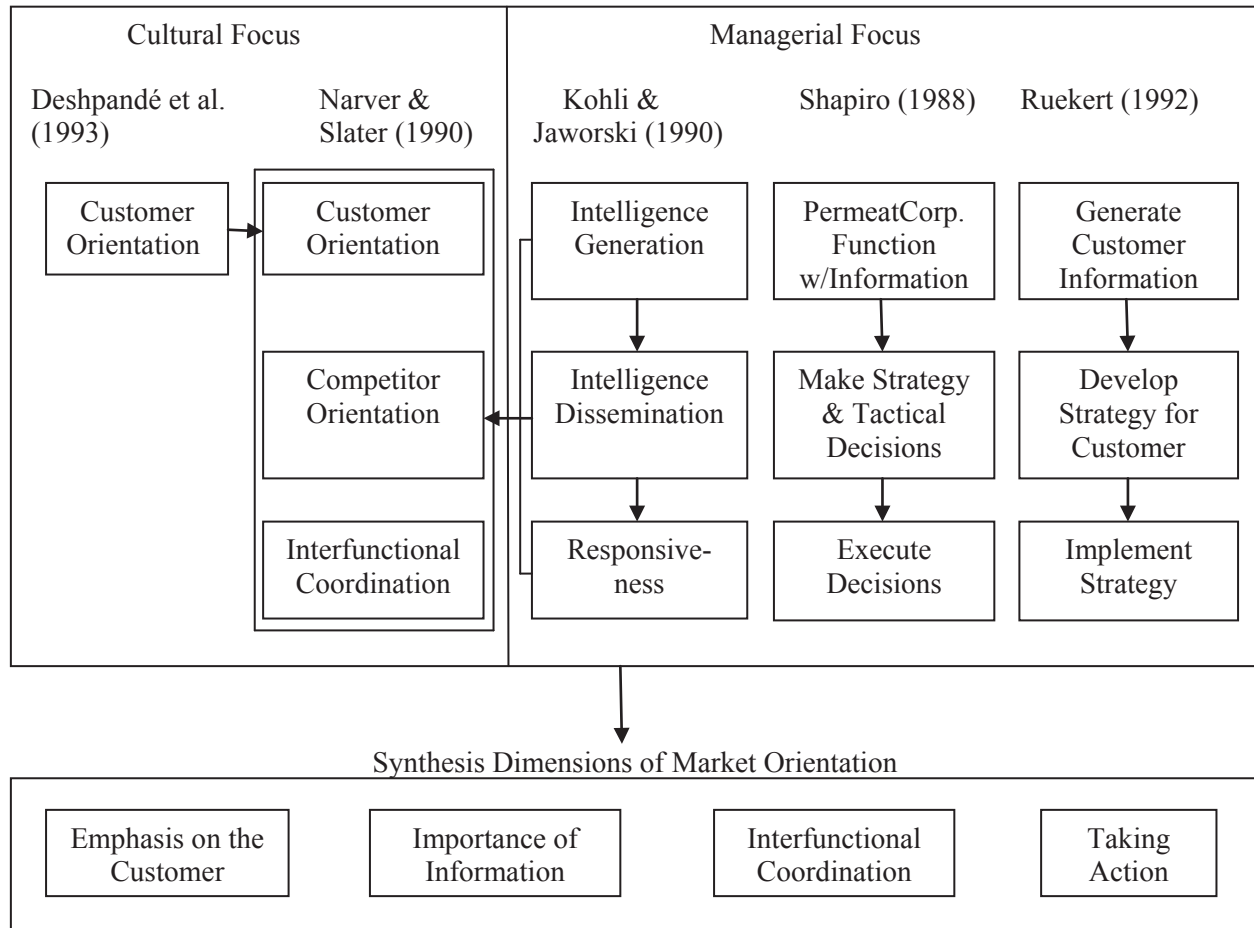
Market orientation has been conceptualized from many different perspectives. Cervera, Molla and Sanchez (2001) categorize four separate theoretical approaches to market orientation: philosophical/cultural, market information processing, a collective of orientations (customer, competitor, and inter-functional co-ordination), and as a theory of resources and capabilities. Esteban, Millan, Molina, and Martin-Consuegra (2001) provide a review of contributions to the conceptualization of market orientation in the services industry. Lafferty and Hult (1999) report on five different perspectives that have been advanced in the literature, each taking a different approach to the concept of market orientation: decision-making, market intelligence, culturally based behaviours, strategic marketing focus, and customer orientation. Table 1 provides a summary of their review.

TABLE 1
WORKS CONTRIBUTING TO THE CONCEPTUALIZATION OF MARKET ORIENTATION

Perspective and Year	Representative References
<ul style="list-style-type: none"> • Decision-making process (1988) 	<p>Glazer (1991)</p> <p>Glazer & Weiss (1993) Shapiro (1988)</p>
<ul style="list-style-type: none"> • Market intelligence (1990) 	<p>Avlonitis & Gounaries (1997)</p> <p>Cadogan & Diamantopoulos (1995) Cadogan et al. (1998) Hart & Diamantopoulos (1993) Hooley et al. (1990) Jaworski & Kohli (1996) Jaworski & Kohli (1993) Kohli and Jaworski (1990) Kohli et al. (1993) Maltz & Kohli (1996) Selnes et al. (1996)</p>
<ul style="list-style-type: none"> • Culturally based behaviours (1990) 	<p>Cadogan & Diamantopoulos (1995)</p> <p>Han et al. (1998) Narver & Slater (1990) Narver & Slater (1998) Narver et al. (1998) Siguaw & Diamantopoulos (1995) Siguaw et al. (1994) Slater & Narver (1992) Slater & Narver (1994)</p>
<ul style="list-style-type: none"> • Strategic marketing focus (1992) 	<p>Day (1994)</p> <p>Day & Nedungadi (1994) Gatignon & Xuereb (1997) Morgan & Strong (1998) Moorman (1998) Ruekert (1992) Webster (1992)</p>
<ul style="list-style-type: none"> • Customer orientation (1993) 	<p>Deshpandé & Farley (1998a)</p> <p>Deshpandé & Farley (1998b) Deshpandé et al. (1993) Siguaw et al. (1994)</p>

Lafferty and Hult (1999) provide a synthesized framework which integrates these five perspectives (see Figure 1). Furthermore, these five perspectives can be collapsed down into four general areas, based on several similarities that reflect a general agreement as to what constitutes the basic foundation of market orientation.

**FIGURE 1
CONCEPTUAL FRAMEWORK OF MARKET ORIENTATION PERSPECTIVES (LAFFERT AND HULT, 1999)**



From Figure 1, we see that decision-making, market intelligence, and strategic perspectives are presented as a linear process beginning with the generation or utilization of information, followed by its dissemination or use in strategic development, leading to company action as a result of the prior two stages (Lafferty and Hult, 1999). Lafferty and Hult (1999) go on to say that the behavioural perspective is unique in that each element is equally important and not structured as a linear flow. We find that market intelligence and the behavioural perspectives are further linked in that each step in the market intelligence perspective is incorporated at each stage of the behavioural perspective (Lafferty and Hult, 1999; Narver and Slater, 1990). Narver and Slater (1990) also contend that at the customer orientation stage, market intelligence is generated, disseminated and responded to, allowing the company to create value for its customers. According to Lafferty and Hult (1999), the same process occurs at the competitor orientation

stage and the inter-functional coordination stage. Finally, customer perspective has its closest tie with the customer orientation stage, as found in the behavioural perspective (Lafferty and Hult, 1999).

Kirca, Jayachandran, and Bearden (2005), Homburg and Pflesser (2000), and Becker and Hamburg (1999) recognize three conceptualizations – behavioural, cultural, and systems based. According to Kirca et al. (2005), the behavioural perspective is concerned with the implementation of the marketing concept, and concentrates on three organizational activities – generating market intelligence, the dissemination and transfer of market intelligence throughout the firm, and an organizations degree of responsiveness to market intelligence (Kohli and Jaworski, 1990). As such, there is a clear focus on information-related behaviour (Helfert et al., 2001). From this perspective, measurement scales had been developed to measure market orientation, and tested with positive results (Jaworski and Kohli, 1993; Kohli, Jaworski, and Kumar, 1993). The measurement scales developed by Kohli et al. (1993) focused on the firm's activities and behaviours regarding customer needs, competitive information, market intelligence, and the sharing of such knowledge across organizational functions (Siguaw et al., 1998). Their conceptualization of the market orientation construct did not include a profit component. A more detailed discussion of the construction of their measurement scale is to follow. This conceptualization was also used by Deng and Dart (1994) and Atuahene-Gima (1996).

The cultural perspective focuses on organizational norms and values that encourage behaviours that are consistent with market orientation (Kirca et al., 2005; Deshpandé, Farley, and Webster, 1993; Narver and Slater, 1990). Narver and Slater (1990) specifically state that “market orientation is the organization culture that most effectively and efficiently creates the necessary behaviours for the creation of superior value for buyers and, thus, continuous superior performance for the business”. They provide a more complete conceptualization of market orientation by including three additional behaviour components – competitor orientation, customer orientation, and inter-functional co-ordination, as well as two decision criteria – long-term focus and profit objective (Gray et al., 1998; Siguaw et al., 1998). Congruent with the beliefs regarding the linkage between market orientation and market information, Narver and Slater (1990) proposed that the behavioural components comprise “the activities of market information acquisition and dissemination and the coordinated creation of customer value” (Siguaw et al., 1998). The behavioural components of market orientation were earlier considered to be important to market orientation by McCarthy and Perrault (1984), when they said that market orientation is the term used to describe the culture necessary to support behavioural factors required for the implementation of the marketing concept. This view was also supported by Kohli and Jaworski (1990). According to Helfert et al. (2001) the distinction between these two perspectives is slightly blurred.

The systems-based perspective came about as a result of Becker and Hamburg (1999) detecting a missing discussion about management issues related to market orientation (Helfert et al., 2001). This perspective focuses on “market-oriented management in terms of the degree to which management systems are designed in such a way as to promote a business organizations orientation towards its customers and competitors” (Becker and Hamburg, 1999). Accordingly, the management system is divided into five subsystems – organization, information, planning, controlling, and human resource system. Helfert et al. (2001) have generated items which measure the extent of market orientation in all these subsystems, using managers in German software companies and advertising agencies.

A review of each of the three perspectives shows considerable differences, yet there is a fair amount of overlap (Helfert et al., 2001). Cadogan and Diamantopoulos (1995) contend that the behavioural and cultural perspectives have conceptual and operational overlaps in nearly all dimensions, especially where operationalization is concerned (Helfert et al., 2001). However, Avlonitis and Gounaris (1997) argue that a disassociation of these two perspectives, or approaches, should probably be avoided. Further review shows that there is also overlap between these two and the system-based approach, with the market-oriented information system having information generation and dissemination as two of the three sub-dimensions (Helfert et al., 2001). Additionally, all system-based dimensions are operationalized with regard to customers and competitors as well as inter-functional coordination (Helfert et al., 2001).

Returning to the behavioural and cultural perspectives, Deng and Dart (1994) saw an attempt to synthesize the work of Kohli and Jaworski (1990) and Narver and Slater (1990) and defined market

orientation as the implementation of a particular business philosophy, i.e. the marketing concept, and formulated the following definitions:

Market Orientation – the generation of appropriate market intelligence pertaining to current and future customer needs and the relative abilities of competitive entities to satisfy these needs; the integration and dissemination of such intelligence across departments; and the coordinated design and execution of the organizations strategic response to market opportunities.

Marketing Concept – a business philosophy that holds that long-term profitability is best achieved by focusing the coordinated activities of the organization toward satisfying the needs of particular market segment(s).

In these two definitions one can see the direct link between the marketing concept and that of market orientation. Specifically, market orientation is an extension of the marketing concept - that is, firms need to implement the marketing concept if it is to become market oriented. At this time Day (1994) also suggested that the degree of market orientation possessed by an organization was positively correlated with its capabilities to support and sustain behaviour conducive to the development of this orientation. Included as capabilities in the marketing domain are things such as market sensing, customer linking, competitor sensing, and customer service, technology monitoring and development, new product and service development, financial and human resources management, organizational communication and general strategy development. A close examination finds all of these to be central to building long term value for both the customer and the company, the basics of the marketing concept, and the fundamental motivation behind developing a market orientation.

The views of Deng and Dart (1994) coincide with and supports the position of Kohli and Jaworski (1990) when they define market orientation as the implementation of the marketing concept. Additionally, it says that market orientation, parallel with the marketing concept, does focus on a production, selling and marketing philosophy, as well as focus on awareness of and responsiveness to environmental influences on market decision-making and implementation (Gray et al., 1998). During this same period Siguaw et al. (1998) adopt a balanced view of market orientation. They define it as the set of behaviours emanating from the organizations leadership whose primary objective is to acquire and use market information for the purpose of satisfying customer needs through superior organizational performance on an ongoing basis (Jaworski and Kohli, 1993; Kohli and Jaworski, 1990; Narver and Slater, 1990; Slater, Narver, and Aaby, 1994). This was followed by Deshpandé (1999), saying that market orientation involves taking concrete actions in response to market intelligence, where marketing activities and actions relate specifically to targeting select market segments and designing new products and programs or modifying existing ones to meet customer needs.

It has been shown that there are a variety of definitions and perspectives of market orientation. Considering how broad the market orientation construct is, the discussion and debate surrounding a suitable definition and conceptualization is likely to remain a part of any research initiatives involving market orientation. Whether market orientation is viewed as a business philosophy or as set of business activities to design and implement, the philosophy argument along with the early formulations, does provide the framework for developing a market orientation. Furthermore, Dobni and Luffman (2000) provide a general perspective of market orientation, stating that it is broadly accepted that a market orientation is essentially a behavioural culture that dictates how an organization's members act and think, derived and driven by management. Gounaris and Avlonitis (2001), supporting this position, say that if market orientation represents a specific culture within the organization then the adoption of market orientation may require changes in company attitudes and belief systems. Seeking a holistic solution, they argued that a market orientation is an integration of a philosophical perspective i.e. a culture that is driven by the belief that the market is the primary stakeholder, and a behavioural perspective of the creation of customer value through responding to superior information on customers and competitors (Hadcroft and Jarratt, 2004). Reinforcing this integrated perspective, Gray and Hooley (2002) argue that market

orientation is the implementation of a culture that supports learning from market intelligence and then responding to such in order to create stakeholder value.

The position of Dobni and Luffman (2000) is broad, and it is one that allows i. the company to develop its own market orientation and related strategies, and, ii. the external environmental factors to be observed and their potential influence on developing a market orientation. This is of particular importance when there is a need to make allowance for the situational and contextual factors found in every setting (Gray et al., 1998).

While recognizing that different perspectives of market orientation exist, Helfert et al. (2001) state a somewhat contradictory position to Dobni and Luffman (2000). They conclude that market orientation has not yet been defined in general terms. They also state that from an empirical perspective (at least), differences in the operationalizations of market orientation are sometimes very minimal, and as such results from studies using different perspectives can be compared with no major limitations. Gray and Hooley (2002) propose that a uniform definition of market orientation may not be possible, or even desirable, in all contexts (Hadcroft and Jarratt, 2004). Matsuno, Mentzer, and Rentz (2003) state that confusion still exists as to its definition, how to measure it (the construct of market orientation) and how it is developed (i.e. the antecedents to a market orientation). Additionally, Hadcroft and Jarratt (2004) confirm that what is evident from the literature is that the definition of market orientation “has been confounded by the inter-changeability of the terms market orientation, customer orientation and customer focus. Helfert et al. (2001) argue that a key dimension that remains unaccounted for in the conceptualisation of market orientation is inter-organizational relationships that foster information exchange between stakeholders. Hadcroft and Jarratt (2004) note that the lack of customer focus is regarded by some as a key limitation of the current conceptualization of market orientation.

CONCLUSION

The variance in approaches to market orientation come about largely as a result of the issues surrounding the marketing concept itself and supposed proper implementation of it. Much of the early writing about the marketing concept was based on little more than positing the benefits of good marketing practice as an “article of faith”. Seen, in many respects, as an implementation of the marketing concept, research initiatives around market orientation have contributed to this debate. The issues, as such, present market orientation as a moving target. While this discussion is not meant to exhaust the approaches that could have been taken, current research initiatives continue to add to the evolution and conceptualization of market orientation.

As such, this paper presents a framework of the varied conceptualizations, providing a synthesis of the components of market orientation. It can be observed that there are clear distinctions and differences in the models, yet we find clear and marked similarities which cut across the various interpretations of market orientation (Lafferty and Hult, 1999). Specifically, there is an emphasis on a synthesized market orientation construct, in an effort to create greater value for the consumer, while meeting the needs of the company. Secondly, it identifies the need for relevancy, accuracy, and timeliness of information generation within the organization, pursuant to what is going on in the macro-environment. Thirdly, the aspect of inter-functional coordination is highlighted, a unifying principle as it were. Finally, all of the perspectives on market orientation stress the need for appropriate action by the firm to implement the strategies required to be market oriented (Lafferty and Hult, 1999).

One final thought. While these models attempt to provide the basic framework of market orientation, a general conclusion may be that the market orientation construct is clearly not an easy one to delineate. Proponents and opponents will likely argue that further work into what constitutes a market orientation is needed. If i. improved company performance, and ii. the potential to create competitive advantage are seen as two significant benefits of developing a market orientation (Day and Nedungadi, 1994), the conceptualization of market orientation will most likely continue to evolve.

REFERENCES

- Agarwal, S., Erramilli, K. M., and Dev, C. D. (2003). Market Orientation and Performance in Service Firms: Role of Innovation. *Journal of Services Marketing*, 17, (1), 68-82.
- Atuahene-Gima, K. (1995). An Exploratory Analysis of the Impact of market orientation on New Product Performance: A Contingency Approach. *Journal of Product Innovation Management*, 12, 275-293.
- Atuahene-Gima, K. (1996). Market Orientation and Innovation. *Journal of Business Research*, 35, 93-103.
- Avlonitis, G. J., and Gounaris, S. P. (1997). Marketing Orientation and Company Performance: Industrial vs. Consumer Goods Companies. *Industrial Marketing Management*, 26, 385-402.
- Baker, M. (1989). Marketing – A New Philosophy of Management. *The Quarterly Review of Marketing*, Winter, 1-4.
- Becker, J., and Hamburg, C. (1999). Market-Oriented Management: A System-Based Perspective. *Journal of Market Focused Management*, 4, 17-41.
- Bhuan, S. N. (1997). Exploring Market Orientation in Banks: An Empirical Examination in Saudi Arabia. *The Journal of Services Marketing*, 11, (5), 317-328.
- Bonoma, T. (1985). *The Marketing Edge: Making Strategies Work*, New York: Free Press.
- Bonoma, T., and Clark, B. (1992). *Marketing Performance Assessment*, Massachusetts, H. B. S. Press.
- Cadogan, J. W., Diamantopoulos, A., and Siguaw, J. A. (1998). Export Market-oriented Behaviors, Their Antecedents, Performance Consequences and the Moderating Effect of the Export Environment: Evidence from the UK and US. In Anderson, P. (Ed.), *Marketing Research and Practice, Track 2 International Marketing, Proceedings of the 27th EMAC Conference*, Stockholm, 449-452.
- Cadogan, J. W., and Diamantopoulos, A. (1995). Narver and Slater, Kohli and Jaworski and The Marketing Orientation Construct: Integration and Internationalization. *Journal of Strategic Marketing*, 3, 41-60.
- Canning, G. (1988). Is Your Company Market Oriented? *Journal of Business Strategy*, 9, (3), 34-36.
- Cervera, A., Molla, A., and Sanchez, M. (2001). Antecedents and Consequences of market Orientation in Public Organizations. *European Journal of Marketing*, 35, (11/12), 1259-1288.
- Churchill, G. A. (1979). A Paradigm For Developing Better Measures of Marketing Constructs. *Journal of Marketing Research*, 16, February, 64-73.
- Conrad, C. A. (1999). Market Orientation and the Innovative Culture: A Preliminary Empirical Examination. *Journal of Strategic Marketing*, 7, 229-236.
- Day, G. S., and Nedungadi, P. (1994). Managerial representations of Competitive Advantage. *Journal of Marketing*, 58, April, 31-44.

- Day, G. S. (1994). The Capabilities of Market-Driven Organizations. *Journal of Marketing*, 58, October, 37-52.
- Day, G. S. (1990). *Market Driven Strategy: Processes for Creating Value*, New York: Free Press.
- Deng, S. and Dart, J. (1994). Measuring Market Orientation: A Multi-Factor, Multi-Item Approach. *Journal of Marketing Management*, 10, (8), 725-742.
- Deshpandé, R., Farley, J. U., and Webster, F. E. (1993). Corporate Culture, Customer Orientation, and Innovativeness in Japanese Firms: A Quadrad Analysis. *Journal of Marketing*, 57, January, 23-37.
- Deshpandé, R., and Farley, J. U. (1998a). Measuring Market orientation: A Generalization and Synthesis. *Journal of Market Focused Management*, 2, 213-232.
- Deshpandé, R., and Farley, J. U. (1998b). The Market Orientation Construct: Correlations, Culture, and Comprehensiveness. *Journal of Market Focused Management*, 2, 237-239.
- Deshpandé, R. (1999). *Developing a Market Orientation*, ed., Thousand Oaks, CA: Sage Publications.
- Diamantopoulos, A, and Hart, S. (1993). Linking Market Orientation and Company Performance: Preliminary Evidence on Kohli and Jaworski's Framework. *Journal of Strategic Marketing*, 1, (2), 93-121.
- Dickson, P. R. (1992). Toward A General Theory of Competitive Rationality. *Journal of Marketing*, 56, January, 69-83.
- Dixon, R. (1990). Marketing as Production: The Development of a Concept. *Journal of The Academy of Marketing Science*, 18, (4), 3-15.
- Dobni, C. B., and Luffman, G. (2000). Market Orientation and Market Strategy Profiling: An Empirical Test of Environment-Behaviour-Action Co-Alignment and Its Performance Implications. *Management Decision*, 38, (8), 503-519.
- Dreher, A. (1993). Marketing Orientation: How to Grasp the Phenomenon. In J. Chias and J. Sureda (Eds.), *Marketing for The New Europe. 22 EMAC Conference*.
- Dreher, A., and Krismer, M. (1992). Defining and Measuring Marketing Orientation. Paper presented to the 5th Colloquium for Doctoral Students in Marketing. Aarhus University, Denmark, May, 24-26.
- Drucker, P. F. (1954). *The Practice of Management*, New York, Harper and Row.
- Elliot, G. (1987). The Marketing Concept: Necessary but Sufficient? *European Journal of Marketing*, 21, (2), 20-30.
- Esteban, A., Millan, A., Molina, A., and Martiin-Consuegra, D. (2001). Market Orientation in Service: A Review and Analysis. *European Journal of Marketing*, 36, (9/10), 1003-1021.
- Farley, J. (1987). The Post-Presentation Group Discussion (Facilitator, and then Executive Director of MSI) for The Marketing Science Institute Conference (MSI): Cambridge, Massachusetts.

- Farrell, M. A. (2000). Developing a Market-Oriented Learning Organization. *Australian Journal of Management*, 25, (2), 201–222.
- Farrell, M. A., and Oczkowski, E. (1997). An Analysis of the MKTOR and MARKOR Measures of Market orientation: An Australian Perspective. *Marketing Bulletin*, 8, May, 1-12.
- Gabel, T. G. (1995). Market Orientation: Theoretical and Methodological Concerns. In B. B. Stern and G. M. Zinkhan (Eds.), *Enhancing Knowledge Development in Marketing, AMA Educator Proceedings*, 6, 368-375.
- Gatignon, H., and Xuereb, J.-B. (1997). Strategic Orientation of the Firm and New Product Performance. *Journal of Marketing Research*, 34, February, 77-90.
- Gauzente, C. (1999). Comparing Market Orientation Scales: A Content Analysis. *Marketing Bulletin*, 10, 76-82.
- Glazer, R., and Weiss, A. M. (1993). Marketing in Turbulent Environments: Decision Processes and the Time-Sensitivity of Information. *Journal of Marketing Research*, 30, November, 509-521.
- Glazer, R. (1991). Marketing in an Information-Intensive Environment: Strategic Implications of Knowledge as an Asset. *Journal of Marketing*, 55, October, 1-19.
- Gounaris, S. P., and Avlonitis, G. J. (2001). Market Orientation Development: A Comparison of Industrial Versus Consumer Goods Companies. *Journal of Business and Industrial Marketing*, 6, (5), 354-381.
- Gray, B. J., and Hooley, G. J. (2002). Market Orientation and Service Firm Performance - A Research Agenda. *European Journal of Marketing*, 36, (9/10), 980–988.
- Gray, B., Matear, S., Boshoff, C., and Matheson, P. (1998). Developing a Better Measure of Market Orientation. *European Journal of Marketing*, 32, (9/10), 884-903.
- Greenley, G. E. (1995a). Market Orientation and Company Performance: Empirical Evidence from UK Companies. *British Journal of Management*, 6, 1-13.
- Greenley, G. E. (1995b). Forms of Market Orientation in UK Companies. *Journal of Management Studies*, 32, (1), January, 47-66.
- Grewal, R., and Tansuhaj, P. (2001). Building Organizational Capabilities for Managing Economic Crisis: The Role of Market Orientation and Strategic Flexibility. *Journal of Marketing*, 65, April, 67-80.
- Hadcroft, P., and Jarratt, D. G. (2004). Market Orientation: An Iterative Process of Customer and Market Engagement. *ANZMAC Proceedings*, Nov 29 - Dec 2, Wellington.
- Han, J. K., Kim, N., and Srivastava, R. K. (1998). Market Orientation and Organizational Performance: Is Innovation a Missing Link? *Journal of Marketing*, 62, October, 30-45.
- Harris, L. C. (2001). Market Orientation and Performance: Objective and Subjective Empirical Evidence from UK Companies. *Journal of Management Studies*, 38, January, 17-43.

- Harris, L.C., and Ogbonna, E. (2001). Strategic Human Resource Management, Market Orientation, and Organizational Performance. *Journal of Business Research*, 51, (2), 157–166.
- Helfert, G., Ritter, T., and Walter, A. (2001). How Does market orientation Affect Business relationships? Paper submitted, and accepted, to the 17th IMP Conference, September 9-11, Oslo, 1-26.
- Homburg, C., and Pflesser, C. (2000). A Multiple-Layer Model of Market-Oriented Organizational Culture: Measurement Issues and Performance Outcomes. *Journal of Marketing Research*, 37, November, 449-462.
- Hooley, G., Lynch, J., and Shepherd, J. (1990). The Marketing Concept: Putting the Theory into Practice. *European Journal of Marketing*, 24, (9), 7-23.
- Houston, F. S. (1986). The Marketing Concept: What It Is and What It Is Not. *Journal of Marketing*, 59, April, 81-87.
- Kirca, A. H., Jayachandran, S., and Bearden, W. O. (2005). Market orientation: A Meta-Analytic review and Assessment of Its Antecedents and Impact on Performance. *Journal of Marketing*, 69, April, 24-41.
- Kohli, A., Jaworski, B., and Kumar, A. (1993). MARKOR: A Measure of Market Orientation. *Journal of Marketing Research*, 30, (4), 467-477.
- Kohli, A. K. and Jaworski, B. J. (1990). Market orientation: The Construct, Research Propositions, and Managerial Implications. *Journal of Marketing*, 54, April, 1-18.
- Jaworski, B., and Kohli, A. (1996). Market Orientation: Review, Refinement, and Roadmap. *Journal of Market-Focused Management*, 1, (2), 119-135.
- Jaworski, B., and Kohli, A. (1993). Market Orientation: Antecedents and Consequences. *Journal of Marketing*, 57, July, 53-70.
- Lafferty, B. A., and Hult, G. T. M. (2001). A Synthesis of Contemporary Market Orientation Perspectives. *European Journal of Marketing*, 35, (1/2), 92-109.
- Langerak, F. (2002). What is the Predictive Power of Market Orientation? Erasmus Research Institute of Management (ERIM), Erasmus University, Rotterdam – *Working Paper Series, Report Series Reference No. ERS-2002-88-MKT*.
- Lehmann, D. (1994). *Market Orientation: State of The Area*. Unpublished executive overview, Marketing Science Institute (MSI). Cambridge, MA.
- Maltz, E., and Kohli, A. K. (1996). Market Intelligence Dissemination Across Functional Boundaries. *Journal of Marketing Research*, 33, February, 47-61.
- Matsuno, K., Mentzer, J. T., and Rentz, J. O. (2000). A Refinement and Validation of the MARKOR Scale. *Journal of the Academy of Marketing Science*, 28, (4), 527-539.
- McCarthy, E. J., and Perreault, W. D., Jr. (1984). *Basic Marketing (8th ed.)*. Homewood, Il: Irwin.
- Menguc, B., and Auh, S. (2006). "Creating a Firm-Level Dynamic Capability Through Capitalizing on Market Orientation and Innovativeness". *Academy of Marketing Science Journal*, 34, (1), 63-73.

- Moorman, C. (1998). Market-Level Effects of Information: Competitive responses and Consumer Dynamics. *Journal of Marketing Research*, 35, February, 82-98.
- Morgan, R. E., and Strong, C. A. (1998). Market orientation and Dimensions of Strategic Orientation. *European Journal of Marketing*, 32, (11/12), 1051-1073.
- Narver, J. C., and Slater, S. F. (1998). Additional Thoughts on The Measurement of Market Orientation: A Comment on Deshpandé and Farley. *Journal of Market Focused Management*, 2, 233-236.
- Narver, J., Slater, S., and Tietje, B. (1998). Creating a Market Orientation. *Journal of Market-Focused Management*, 2, 241-255.
- Narver, J., and Slater, S. (1993). Market Orientation and Customer Service: The Implications for Business Performance. *European Advances in Consumer Research*, 1, 317-321.
- Narver, J. C., and Slater, S. F. (1990). The Effect of Market Orientation on Business Profitability. *Journal of Marketing*, 54, October, 20-35.
- Payne, A. (1988). Developing a Market Oriented Organization. *Business Horizons*, 31, (3), 46-53.
- Piercy, N. (1992). *Market-Led Strategic Change*, Oxford: Butterworth-Heinemann.
- Ruekert, R. W. (1992). Developing a Market Orientation: An Organizational Strategy Perspective. *International Journal of Research in Marketing*, 9, 225-245.
- Sandvik, I. L., and Sandvik, K. (2003). The Impact of Market Orientation on Product Innovativeness and Business Performance. *International Journal of Research in Marketing*, 20, (4), 355-376.
- Selnes, F., Jaworski, B. J., and Kohli, A. K. (1996). Market Orientation in The United States and Scandinavian Companies: A Cross-Cultural Study. *Marketing Science Institute Report Number 97-107*, Marketing Science Institute, Cambridge, MA.
- Selnes, F., and Wesenberg, P. (1993). Organizational Processes in Becoming More Market-Oriented. *Marketing Theory and Applications*, 4, 22-31.
- Shapiro, B. P. (1988). What The Hell is Market Oriented? *Harvard Business Review*, 66, (6), 119-125.
- Shoham, A., and Rose, G.M. (2001). Market Orientation: A Replication, Cross-National Comparison, and Extension. *Journal of Global Marketing*, 14, (4), 5-25.
- Siguaw, J. A., Simpson, P. M., and Baker, T. L. (1998). Effects of Supplier Market Orientation in Distributor market orientation and The Channel Relationship: The Distributor Perspective. *Journal of Marketing*, 62, (3), 99-111.
- Siguaw, J. A., and Diamantopoulos, A. (1995). Measuring Market Orientation: Some Evidence on Narver and Slater's Three Component Scale. *Journal of Strategic Marketing*, 3, 77-88.
- Siguaw, J. A., Brown, G., and Widing, R. E. (1994). The Influence of Market Orientation of the Firm on Sales Force Behavior and Attitudes. *Journal of Marketing Research*, 31, February, 106-116.

- Slater, S. F., and Narver, J. C. (2000). Intelligence Generation and superior Customer Value. *Journal of Academy of Marketing Science*, 28, (1), 120-127.
- Slater, S. F., Narver, J. C., and Aaby, N. –E. (1994). The Strategic Profile of a Market Oriented Business. IN R. Achrol and A. Mitchell (Eds.), *Enhancing Knowledge Development in Marketing*, American Marketing Association.
- Slater, S. F., and Narver, J. C. (1994). Does Competitive Environment moderate the Market Orientation-Performance Relationship? *Journal of Marketing*, 58, January, 46-55.
- Slater, S., and Narver, J. C. (1992). Superior Customer Value and Business Performance: The Strong Evidence for a Market-Driven Culture. *Marketing Science Institute Report Number 92-125*, Marketing Science Institute, Cambridge, MA.
- Swartz, G. S. (1990). *Organizing to Become Market Driven (Report No. 90-123)*. Cambridge, MA: Marketing Science Institute.
- Trout, J., and Ries, A. (1985). *Marketing Warfare*, New York: McGraw-Hill.
- Webster, F. E., Jr. (1992). The Changing Role of Marketing in The Corporation. *Journal of Marketing*, 56, (4), 1-17.
- Webster, F. E. Jr. (1988). Rediscovering the Marketing Concept. *Business Horizons*, 31, May-June, 29-39.
- Wilkinson, I. (forthcoming): Conceptualizing and Measuring the Nature, Causes and Consequences of Market Orientation: A Review of Rohit Deshpandé (ed.), *Developing a Market Orientation*. *Journal of Business to Business Marketing*.