

# Marketing Orientation: A Powerful, and Fruitful, Competitive Edge for Industrial Marketers

**Spiros P. Gounaris** and **George J. Avlonitis<sup>1</sup>**  
Research Associate                      Professor of Marketing,

## **Abstract**

*Marketing orientation, still an intriguing concept to many, carries the pledge of superior company performance through the satisfaction of customers' needs. Particularly in the industrial markets this, intuitively, sounds even more sensible as the relations and the interfaces between producers and end-users are, when compared to the consumer markets, more direct and complex. In this paper the authors, drawing conclusions from an empirical investigation, show that this relationship does really exist and, in the case of industrial markets, building a marketing orientation it is indeed catalytic for the company's performance rendering marketing orientation an extremely significant basis for building a competitive advantage.*

## **1. Introduction**

Recent studies (Hooley, Lynch and Shepherd 1990, Narver and Slater 1990, Kohli and Jaworksi 1992) have tried to collect empirical evidence that would confirm that the adoption of marketing orientation by a company leads to better performance in the market. In doing so Hooley, Lynch and Shepherd (1990) conceptualised marketing orientation as a set of specific beliefs that form a certain company attitude/culture, while Narver and Slater (1990) as well as Kohli and Jaworksi (1992) explained the concept as a certain behaviour. Furthermore, most of the available empirical investigations of the association between marketing orientation and company performance draw general conclusions about this association since no effort has been taken to examine the nature, and the importance, of this association in specific market environments (*e.g. the industrial markets vs. consumer markets*).

Having reviewed the existing literature on marketing orientation and company performance, several questions arise. For instance, since it is clear that different companies are characterised by different levels of marketing orientation adoption, could a classification scheme be derived so that companies could be classified, in a meaningful way, depending on the degree to which they have developed a marketing orientation? Similarly, one may also question whether the importance of the relationship between marketing orientation and company performance is the same independently of the market the company participates in. While this paper does not report definite answers to such questions, it does detail some interesting empirical evidence that could help to shed some light on such questions. Basically, the purpose of this paper is twofold: To develop and suggest a meaningful classification scheme for companies that are characterised by different levels of marketing orientation adoption and to examine the relationship between the degree of marketing orientation adoption and company performance, with particular emphasis given in the investigation of this relationship for the companies serving industrial markets.

---

<sup>1</sup> Authors address: Athens University of Economics and Business, Department of Management Science and Marketing, 76 Patission Str., Athens 104 34, GREECE

In the following pages a review of the available literature and a number of hypotheses designed to serve the purpose of this paper are offered.

## 2. Background and Hypotheses

### 2.1. Explicating Marketing Orientation and Classifying Companies on the Basis of Marketing Orientation Adoption

Contrary to what one might expect, the explication of the concept of marketing orientation remains still an issue under debate. In fact, two different approaches seem to prevail, one treating marketing orientation as basically a company philosophy while the other regards it as mainly a company behaviour.

More specifically, in an effort to provide a definition of marketing orientation, Drucker (1954) stated that «marketing is not a specific company activity. On the contrary, it involves the entire organisation. It is the organisation viewed from the customers' point». Similarly, Felton (1959) has also described marketing orientation giving, too, attitudinal qualities to the concept. He regarded it as «a way of thinking in doing business that is based on the integration and co-ordination of all marketing activities which, in turn, will integrate with the rest activities of the company in an effort to maximise long-term profitability».

Much later, at the 1990 Marketing Science Institute (MSI) conference on «Organising to Become Market Driven», Fr. Cespedes treated the organisation of marketing and the concept of marketing orientation in very different ways: While marketing organisation was used to describe the functional department of the company that executes marketing related activities (*e.g. pricing, distribution, promotion etc.*), the concept of marketing was associated to a certain way of thinking concerning the company's priorities and goals (Swartz 1990). In a similar direction are also the ideas of Deshpande and Webster (1989) who grant a philosophical/cultural quality to marketing orientation while, in a later attempt to investigate the innovativeness of Japanese companies, they use, among other variables, the degree of marketing orientation to explain the companies propensity to innovate (Deshpande, Farley and Webster 1992). In doing so they use the term «*customer orientation*» to describe a specific set of beliefs that puts the customers' interests first and ahead of those of all other stakeholders (*e.g. owners, managers, employees*) which, in their view, should be viewed as part of a broader, and more fundamental, corporate culture. Consistent with that conception is also the opinion of Baker (1989) about marketing orientation. More specifically, although he avoids to provide a specific definition of marketing or marketing orientation, he explicitly suggests that, if a company is to build a marketing orientation, «massive changes in the way it thinks about business» are required. In fact, in an indirect way, he also specifies these required changes by emphasising how easy is to understand the philosophy of marketing. In his view, all needed is producers to start conscientious efforts to identify and specify customers' needs and then mobilise their companies' assets to serve these needs in a framework of mutually satisfying exchanges. Clearly, if the adoption of marketing orientation requires changes of the prevailing beliefs and attitudes of a company, then marketing orientation represents a specific culture.

The above citations of writings that approach marketing orientation as a company philosophy are merely indicative and by no means exhaustive. Others (Houston 1986, Dixon 1990) have also developed and stated similar views, all treating marketing orientation as mainly a company philosophy. To summarise the basic facets of marketing orientation as a company philosophy, one can, on the basis of the attitudes underlying the concept, isolate specific priorities for the marketing orientated company:

- (a) **a priority in customers** when evaluating the company and its products and the extend to which both the company and its products satisfy specific customers' needs,
- (b) **a priority in elevating marketing as the prevailing culture** of the company so the entire organisation will mobilise towards satisfying customers' needs, and
- (c) **a priority in adjusting products accordingly** so that customers satisfaction can be delivered.

Following this conceptualisation of marketing orientation, Hooley, Lynch and Shepherd (1990) surveyed the attitude towards marketing of a broad sample of Marketing Directors in Britain and managed to develop a classification scheme. More specifically, based on attitudinal measures, they identified a distinct group of companies that seemed to have fully embraced marketing orientation as a company-wide philosophy. That group they called it «Marketing Philosophers». Apart from that group, their analysis produced an additional number of distinctive groups of companies that held different attitudes towards marketing orientation. Thus, they distinguished the «Departmental Marketers» (*i.e. those companies which felt that marketing is primarily the sole responsibility of the Marketing/Sale Dp.*), the «Sales Supporters» (*i.e. the companies that predominantly saw marketing as a sales support function*) and the «Usurers» (*i.e. those who held no specific attitude towards marketing and were unsure of the main values that it promotes in the company*). Based on these empirical results, the authors, too, concluded that

marketing orientation represents a distinctive company philosophy that is grounded upon specific attitudes and beliefs.

However, as previously noted, parallelly to the notion that marketing orientation represents a specific company philosophy, another one has been developed that regards marketing orientation as primarily a specific company behaviour. The difficulties experienced mainly by the practitioners who tried to develop a marketing orientation for their companies on the basis of the cultural nature of the concept led a significant number of scholars and researchers to start thinking of marketing orientation in a manner that focused on actions rather than on attitudes. Trout and Ries for example (1985) perceive marketing orientation as an effort to compile market intelligence upon which the effort to build a competitive advantage is based. In fact, they take it a step further by supporting that customer orientation, although important, is not as crucial as a competitor orientation is, as the later will enable the company to identify the weaknesses of its competitors and strike them back were they suffer.

A behavioural approach in explaining marketing orientation, but from a different viewpoint, is also adopted by Elliot (1987). He suggests that the concept of marketing orientation and the philosophy to set a priority to satisfy customers' needs, although important, is insufficient and requires revising. He proposes that the designing of strategies that are purposed to achieve customer satisfaction should be considered as part of the marketing orientation concept. This strategical-behavioural approach in explaining marketing orientation has found acceptance and support by other authors too (Bonoma 1985, Bonoma and Clark 1992). In fact, attempts have been made to explain marketing orientation as the understanding of the significance of marketing for the company. This calls for the development of marketing skills (*with particular emphasis in the designing and implementation of marketing strategies*) by the people of the company (Canning 1988) while, at the same time, emphasis needs to be given on the required changes in the organisational structure and marketing systems of the company (Payne 1988).

Within this framework of behavioural-strategical approach to marketing orientation, Piercy (1992) suggests that marketing orientation is comprised of three elements:

- ⇒ (a) **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,
- ⇒ (b) **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, and
- ⇒ (c) **Information**, concerning the entire market and is used for both strategy design and planning and control.

With this definition of marketing orientation, Piercy clearly establishes a behavioural approach in defining the concept marketing orientation.

Finally, similar to Piercy's perception of marketing orientation, is also the opinion of Kohli and Jaworksi (1990, 1992). They, too, see marketing orientation as behaviour and they explicate it on the basis of three facets: **Market intelligence collection** (*to understand the market*), **intelligence dissemination** throughout the company (*to familiarise it with the market*) and **responsiveness to the intelligence** (*through the strategies and plans that the company designs and implements*).

The above discussion of the available literature in marketing orientation makes clear that the two different approaches in explaining the concept of marketing orientation are basically the product of the effort to overcome the difficulties experienced by practitioners when trying to develop marketing orientated companies on the basis of one of the two approaches (*attitude vs. behaviour*) separately. In other words, the initial approach to marketing orientation as mainly a company attitude failed to offer practitioners with a clear way for developing marketing orientated companies since the emphasis was placed merely on the attitudinal qualities of the concept. Consequently, the answer offered by some other scholars to marketers who placed emphasis only on the attitudinal qualities and failed, was that marketing orientation is basically a set of specific activities that constitute a certain company behaviour. Hence, in order to build marketing orientated companies, the emphasis should be placed on properly directing the company behaviour, since, according to them, marketing orientation represents mainly a company behaviour. However, since the initial approach that favours the attitudinal approach to marketing orientation as the more appropriate for describing marketing orientation still remains eminent, it would appear that the behavioural approach to marketing orientation is, too, not without flaws when singularly considered. Besides, since the end-goal of marketing orientation is increased adaptability of the company to its market, it sounds intuitively correct to assume that in order to achieve maximum adaptability both company attitude and behaviour should be adjusted.

Furthermore, as previously noted, Kotler (1988) has suggested and Hooley, Lynch and Shepherd (1990) have pointed, that a classification of companies on the basis of the degree of marketing orientation adoption is reasonable

and possible. However, the groups derived by the research of Holley's group do not fully coincide with the classification proposed by Kotler. In fact, Kotler's proposed classification scheme, using the different levels of marketing orientation adoption, not only serves in classifying companies depending on the degree of marketing orientation adoption, but also ranks them on the basis of their adaptability to their markets (*with «production oriented» been the less adaptive companies and the «marketing oriented» been the most adaptive ones*). However, in the findings of the Holley's group this «continuum» of adaptability to the market conditions is not clearly demonstrated by their suggested classification scheme. On these grounds, we propose the following two hypotheses:

- H1 A classification scheme for companies that is based on the different levels of Marketing Orientation adoption, while incorporating and demonstrating different levels of adaptability to the market, is possible.
- H2 A genuine Marketing Orientation adoption requires adjustment of both the company attitude and behaviour which are related and inseparable.

## **2.2. Marketing Orientation Adoption in Industrial vs. Consumer Markets**

Given the size of industrial markets in most western economies (*frequently 3 or even 4 times the size of consumer markets*), a closer attention to marketing orientation adoption characterising the industrial marketers, as opposed to their consumer counterparts, is justified.

In marketing literature it is widely accepted that industrial markets are fundamentally different from consumer ones in some critical aspects. For instance, attributes such as derived demand as well as oligopolistic or monopsonistic situations are aspects unique to industrial markets. Similarly, shorter, more direct channels as well as more enduring and complex customer relationships are also unique characteristics of the industrial markets that lead to substantially different marketing practices compared to the ones employed in consumer markets (Hutt and Speh 1992).

However, these differences in markets and in marketing practices do not imply that marketing orientation is less important to industrial marketers. On the contrary as the industrial buyers buying behaviour is influenced by organisational as well as by individual factors (Reeder, Brierty and Reeder 1991), it is apparent that the industrial seller has more issues to consider and successfully address in order to ensure an exchange. Furthermore, as different buying situations call for different decision making centres in the industrial buyer's organisation, the task of understanding and satisfying the industrial customers is for the industrial sellers much harder and a lot more complex when compared to the ones faced by their consumer counterparts. Consequently, the successful adaptation to market conditions, customers' needs and customer's specific and unique characteristics and requirements seems to be, if not more important, at least equally important for the industrial company as it is for the consumer goods companies. This situation renders marketing orientation one of the most vital inputs to the corporate performance of industrial sellers (Chisnall 1985). On this basis we suggest that:

- H3 Marketing orientation is equally developed by consumer and industrial goods companies.

## **2.3. Effect of Marketing Orientation on Company Performance**

As previously mentioned building a genuine marketing orientation is often a frustrating task. Quite frequently, a lot of time, and money, has been wasted by companies in an effort to become marketing orientated. Still, a large number of companies are willing today to get in the «trouble» of re-orientating themselves to become marketing driven. The reason of doing so is found in the pledge of performance improvement that comes together with the adoption of marketing orientation.

Narver and Slater (1989) compiled data from 140 SBUs of a major western corporation in order to examine whether any significant relationship exists between marketing orientation (*as a behavioural concept*) and the SBU's performance. Their findings showed that, in general, such a relationship can be established, albeit some findings that showed SBUs which did not exhibit a marketing orientation, but operated in fundamentally different market environments, to be profitable as well. Despite the limitations imposed by the fact that the data of their analysis was derived from SBUs of a single company and, hence, one can speculate about practices and/or attitudes that spring from the Head Quarters and pertain, to a more or a lessen degree, all the SBUs, their findings are important in drawing an empirically derived picture of the relationship between marketing orientation and company performance.

A behavioural approach of marketing orientation was also adopted by Kohli and Jaworski (1990, 1992) in their pursuit of identifying a relationship between marketing orientation and company performance. Their perception of marketing orientation laid on the company's ability to collect market intelligence, process it and respond to it through specific actions that are based on this intelligence. Their first effort (1990), used data from 62 managers in USA. The SBU again was used as sample unit but, in this case, the SBUs in the sample were drawn from different corporations. Their findings suggested that companies with greater degrees of marketing orientation adoption were characterised by *«greater esprit de corps, job satisfaction and organisational commitment (among their employees)*

and *greater customer satisfaction and repeat business from customers*». In their later effort (1992), data from two different samples were used to test several hypotheses, the relationship between marketing orientation and company performance being among them. Again, their evidence provided further support of the existence of a relationship between marketing orientation and performance.

Hooley, Lynch and Shepherd (1990) on the other hand, in their efforts to investigate the association between marketing orientation and company performance, used an attitudinal approach in conceptualising marketing orientation. From their sample, which consisted of 5,100 chief marketing executive, they managed to distinguish a group of respondents (*«Marketing Philosophers»*) that shared common attitudes and beliefs about marketing orientation that manifested espousal of the concept. That group, when compared against other ones that held different attitudes and beliefs about marketing, was found to benefit higher levels of performance. Finally, one has also to consider other, earlier, research efforts (Tackeuchi and Quelch 1983, Saunders and Wong 1985, Alexander 1985, Hooley and Lynch 1985) that found significant associations between specific marketing practices and higher levels of company performance.

However, what seems to be common in all the research efforts mentioned above is that the investigation of the relationship between the degree of marketing orientation adoption and the company performance is restricted in two respects. First, company performance was considered only in terms of «achieved» performance. That is to say, important dimensions such as the actual performance *vis a vis* the company's performance objectives and the company's actual performance *vis a vis* the company's competitors' performance were not incorporated in the analyses. However, these two dimensions are equally critical when examining the contribution of marketing orientation to the company's long-term prosperity and, consequently, we propose that:

H4a Marketing orientation adoption (*as attitude and behaviour*) has a positive effect on the company's actual performance vs. its performance objectives, and

H4b Marketing orientation adoption has a positive effect on the company's actual performance vs. the performance of the company's competitors.

Secondly, another point not addressed by the research efforts mentioned above is the effect that marketing orientation has on the performance of companies participating in different markets. As mentioned before, due to the peculiarities of the industrial markets the need for greater adaptation to customer's demands and market conditions is more eminent in industrial markets than it is in consumer ones. Consequently, we suggest that:

H5 Marketing orientation will have a greater impact on the performance of industrial companies than on the performance of consumer ones.

### **3. Research Methodology**

#### **3.1. Sample**

The evidence presented in this study are derived from a broader research effort that took place in Greece. For the purposes of that research effort, the total number of manufacturing companies, as well as companies from a selected number of service industries (*commerce, banking and insurance*), were used to define the population. Because the conceptualisation of marketing orientation as both an attitude and behaviour requires that, apart from a specific set of values and beliefs, certain marketing skills must also be present, it was felt that the larger the size of the company the more probable to possess these skills. Therefore, it was important to have adequate representation in the sample of larger companies. Hence, the sample was drawn so that companies of different size would be represented according to their contribution in meeting the objectives of the research. Thus, the sample was comprised of

- ⇒ all manufacturing companies with more than 40 employees (n=1,843)
- ⇒ a random sample of 600 manufacturing companies with fewer than 40 employees (n=3,362)
- ⇒ all service companies with more than 20 employees (n=1,157),

as described in the mailing lists of ICAP<sup>2</sup>. This sampling procedure produced a sample of 3,500 companies. However, changes in addresses and/or the close-down of some of these companies, eventually reduced the original sample down to 3,200 companies.

---

<sup>2</sup> The Gallup's subsidiary in Greece.

**Table 1 : Characteristics of the Companies Participated in the Study**

	<b>Consumer</b>	<b>Industrial</b>	<b>Services</b>	<b>TOTALS<sup>b</sup></b>
<b>Main Market</b>	236	161	40	437
	<b>Small</b>	<b>Medium</b>	<b>Large</b>	
<b>Size<sup>a</sup></b>	106	189	143	438

<sup>a</sup> The definition of size took into consideration the characteristics, in terms of employment level and annual turn-over, of Greek companies. Thus, as **small** were defined those companies that employed up to 50 employees and had an annual turn over no more than US\$ 2 mil. As **medium** were defined those companies that employed from 50 up to 250 employees and had an annual turn over from US\$ 2 mil. up to US\$ 11 mil. As **large** were defined those companies that employed more than 250 employees and had an annual turn over exceeding US\$ 11 mil.

<sup>b</sup> Totals do not add to 444 as some respondents did not indicate the size of the company while others failed to indicate the market that their company participated in.

Two mailing waves produced 278 and 175 completed questionnaires respectively. Statistical analysis showed no significant differences between the questionnaires of the first and the second wave, indicating that late response was not causing any bias in the data. From these, 9 questionnaires had to be excluded from further analysis as the great number of unfilled questions was making any further analysis impossible. Thus, 444 questionnaire were left for further analysis, giving a response rate of approximately 14%. A higher response rate was probably impossible because of the length of the questionnaire (*12 pages*) and the confidential nature of the information requested in some questions. Besides, in research designs in which cross-section samples are used (e.g., Hansen 1980, Dubinsky and Ingram 1982, Kohli and Jaworski 1992), response rates ranging from 12% to 20% are generally considered acceptable. Table 1 summarises the structure of the sample.

Clearly, including in the sample such a large number from such diversified industries increases the levels of heterogeneity in the sample. Although increased heterogeneity has been argued to induce negative effects on the quality of the findings (Bilkey 1978, Cavusgil 1984), cross-sectional samples with increased levels of heterogeneity are frequently used in research efforts in order to increase the researchers' ability to generalise (Hooley, Lynch and Shepherd 1990, Kohli and Jaworski 1992).

### 3.2. Research Method

In order to collect the necessary data for the research purposes, a questionnaire was designed and mailed to the Marketing Directors (*or the Sale Director if a Marketing Director did not exist*). Mailed questionnaires were preferred against other potential methods (e.g. *telephone interviews*) as they have the significant advantage to allow time to the respondent to pile the information in question and, consequently, decrease the not-answered questions per questionnaire (Tull and Hawkins 1987).

The choice to use the single respondent approach was compelled by both the size of the sample and the respondent's familiarity with the research topic and the information sought. The large size of the sample rendered the mailing of additional questionnaires to more respondents per company prohibitive in financial terms. In addition, the respondent, in order to provide the kind of information that was necessary for the completion of the research, should have had a deep understanding of the marketing practices and problems of his/her company, be in position to provide information on the strategies the company pursues and, also, be senior enough to answer questions referring to the culture of the corporation and the prevailing corporate climate. Thus, the selection of the Marketing Director became the most profound choice.

### 3.3. Research Instrument and Variables Measurement

As previously mentioned, in order to collect the necessary data, a detailed and lengthy questionnaire was designed. In designing the questionnaire particular emphasis was given in avoiding leading questions as well as complex or sensitive ones (*especially in the beginning of the questionnaire*) that could influence the respondent negatively (Tull and Hawkins 1987, Churchill 1991). In addition, and in order to further improve the design as well as the content of the questionnaire, prior to sending it out it was extensively pretested. For that purpose, 12 personal interviews were conducted with Marketing Directors who had agreed to provide assistance and comments on the development of the questionnaire. During these interviews, and in order to simulate the conditions under which the questionnaire would be handled during the main research, the interviewer had no interference with the respondent. His sole task was to record the comments, for the questionnaire as a whole, made by the respondents, as well as to track any reactions of the respondents on particular questions.

### 3.3.1. Marketing Orientation Measured as An Attitudinal Concept

In order to measure the respondents' level of marketing orientation adoption (*as attitude*), they were presented with the 15 statements that have been found to adequately describe different attitudinal approaches to marketing orientation (Hooley, Lynch and Shepherd 1990). Then, using a Likert scale (1=«I Fully Disagree» to 5=«I Fully Agree») they were asked to indicate the degree of agreement or disagreement with each statement. In order to avoid potential bias in the responses induced by the possibility that some respondents might be inclined to systematically tick at the extremes of the scale, attention was given to phrase the sentences in a manner that higher levels of agreement would not always represent a more positive attitude towards marketing orientation. Later, during the analysis of the results, where necessary, the scales were reverted so that higher levels of agreement would always represent more positive attitude toward marketing orientation. The statements, as well as the pertinent descriptive statistics, are presented in the Appendix.

### 3.3.2. Marketing Orientation Measured as A Behavioural Concept

The measurement used by Kohli and Jaworski (1990) for marketing orientation as behaviour was employed to gauge the degree of marketing orientation (*as behaviour*) of the respondents (*see appendix*). Thus using a 5-point scale (1=«It Does Not Represent Our Company At All» to 5=«It Fully Represents Us»), we measured (a) the degree of **market intelligence collection**, (b) the degree of company-wide **dissemination of the intelligence**, and (c) the degree of **responsiveness to the market intelligence** gathered. The means and the standard deviation, as well as a reliability analysis, for the scale are presented in the Appendix.

### 3.3.3. Company Performance

In order to evaluate the performance of the respondents' companies, we employed subjective weighted measures. First, the respondents were asked to state the significance conceded to the following performance criteria, using a 4-point scale (1=«Little or Not Significant» to 4=«Extremely Significant»):

- ❖ Profits,
- ❖ Annual Turn-Over,
- ❖ ROI and
- ❖ Market Share.

Then, using the same scale as above, the respondents were also asked to state the significance attached to

- ◆ Actual Performance vs. Performance Target and
- ◆ Actual Performance vs. Competitor's Performance

as criteria in the evaluation process of their company's performance.

Finally, the respondents were asked to evaluate, using a 3-point scale (1=«Worse», 2=«The Same» and 3=«Better»), their company's performance over a 4 years period, in terms of profits, annual turn-over, ROI and market share, against both their performance objectives and their main competitors' achievements.

Using the ratings provided by the respondents, we proceeded in calculating eight weighted measures of performance that are summarised as follows:

- *Profits vs. Targets* significance attached to **profits** (1 to 4) \* significance attached to **performance vs. targets** (1 to 4) \* actual **profits vs. performance objectives** (1 to 3) over the last 4 years period (*mean:20,1 st.dev.:11,24*)
- *Annual Turn-Over vs. Targets* significance attached to **annual turn-over** (1 to 4) \* significance attached to **performance vs. targets** (1 to 4) \* actual **annual turn-over vs. performance objectives** (1 to 3) over the last 4 years period (*mean:22,58 st.dev.:11,57*)
- *Market-Share vs. Targets* significance attached to **market-share** (1 to 4) \* significance attached to **performance vs. targets** (1 to 4) \* actual **market-share vs. performance objectives** (1 to 3) over the last 4 years period (*mean:21,23 st.dev.:11,53*)
- *ROI vs. Targets* significance attached to **ROI** (1 to 4) \* significance attached to **performance vs. targets** (1 to 4) \* actual **ROI vs. performance objectives** (1 to 3) over the last 4 years period (*mean:16,63 st.dev.:10,26*)

- *Profits vs. Competition* significance attached to **profits** (1 to 4) \* significance attached to **performance vs. competition** (1 to 4) \* actual **profits vs. competition** (1 to 3) over the last 4 years period (*mean:19,81 st.dev.:12,09*)
- *Annual Turn-Over vs. Competition* significance attached to **annual turn-over** (1 to 4) \* significance attached to **performance vs. Competition** (1 to 4) \* actual **annual turn-over vs. Competition** (1 to 3) over the last 4 years period (*mean:21,080st.dev.:12,52*)
- *Market-Share vs. Competition* significance attached to **market-share** (1 to 4) \* significance attached to **performance vs. Competition** (1 to 4) \* actual **market-share vs. competition** (1 to 3) over the last 4 years period (*mean:19,94 st.dev.:12,82*)
- *ROI vs. Competition* significance attached to **ROI** (1 to 4) \* significance attached to **performance vs. Competition** (1 to 4) \* actual **ROI vs. competition** (1 to 3) over the last 4 years period (*mean:17,51 st.dev.:11,91*)

The use of this approach in measuring company performance, instead of relying on objective figures of profits, turn-over etc., was preferred on the grounds that «objective» figures would, in any case, be provided by the respondents and our ability to check for the integrity of the responses would have been limited by the anonymity offered to the respondents. In considering the use of this objective approach in measuring company performance, we felt that a high possibility existed that some of the respondents might, for reasons of confidentiality and despite the anonymity assertions offered from our part, be unwilling to «reveal» accurate figures of their performance. However, when asked to express their assessment of their company’s performance in terms of «better», «worse» etc., we expected that the respondents would feel more prompted to answer accurately as no revelation of company figures was necessary. Furthermore, as it has been suggested (Child 1975), when working with cross-sectional samples, the heterogeneity characterising the various sectors included in the sample may induce significant bias in the analysis of company performance as a certain performance level (*e.g. in terms of profits, profitability etc.*) that indicates good performance in one section could be unacceptably low for a different sector. However, by asking the respondents to characterise their performance themselves this problem is sufficiently handled. Finally, the practice to weight performance measures in terms of the significance attached by the management to the measure in question has also been suggested (Chaganti and Chaganti 1983) on the basis that no performance measure is really important unless the Management of the company perceives it to be important.

#### 4. Data Analysis and Results

##### 4.1.Explication of Marketing Orientation and Companies’ Classification (H1 and H2)

An examination of the correlation matrix of the 15 statements used to probe the degree of marketing orientation adoption in attitudinal terms, revealed that it might be possible to derive distinctive attitudes towards marketing orientation underlying the original variables. To exploit this possibility we performed a Principal Components Factor Analysis. This analysis is particularly useful when the researcher seeks to identify possible underlying factors that characterise a specific group of variables. Table 2 shows the results of that analysis.

**Table 2: Attitudes Towards Marketing - A Factor Analysis**

<u>Factors</u>	<u>Variables</u>	<u>Loadings</u>
<u>F1:</u> Market Analysis & Adaptation (22,6% of variation)	Intelligence on Competition Adapt to the Market Market Analysis	0,841 0,818 0,740
<u>F2:</u> «High-Tech» Selling (22,2% of variation)	Promoting Products Supporting Sales Confined in Sales & Marketing Dep.	0,814 0,785 0,682
<u>F3:</u> Ignorance (9,3% of variation)	Not Existent A Confusing Concept	0,884 0,785
<u>F4:</u> «High-Tech» Production (7,9% of variation)	Design & Production Management Decisions on Quality & Quantity	0,880 0,866



	<u>Factors</u>	<u>Variables</u>	<u>Loadings</u>
F5:	Traditional Selling (6,8% of variation)	Build Customer Relations	0,845
		Maintain Customers Contacts	0,757
F6:	Marketing Philosophy (6,1% of variation)	Satisfy Customers' Needs	0,753
		Build Product Positioning & Image	0,676
		A Company Culture	0,445

Kaiser-Meyer-Olkin Measure of Sampling Adequacy = 0,73621  
Bartlett Test of Sphericity = 1979,5292, sign = 0,000

As can be seen from Table 2, the P.C. Factor Analysis produced 6 specific attitudes toward marketing orientation, each one representing a different perception of the concept. The first factor represents a conceptualisation of marketing orientation that places emphasis on specific actions that are directed towards increasing the company's level of adaptation to changing market conditions (*market analysis and adaptation, intelligence collection on competition and adaptation to the market*). The second factor describes a much different attitude towards marketing. This approach regards marketing orientation as nothing more than «high-tech selling» with the company's emphasis remaining on the selling effort (*promoting products, supporting sales and being the responsibility of the Marketing/Sales department*).

The third factor describes the complete ignorance of the concept. This factor does not describe any specific approach to marketing orientation. Rather, it proves that some companies still consider marketing orientation as a «confusing concept» and, consequently, do not apply it. The fourth factor describes a production-based approach to marketing orientation (*design and management of the production process and decision-taking on production qualities and quantities*) with the emphasis of the company been placed on the production process. The fifth factor corresponds to an approach that maintains a traditional selling conceptualisation of marketing orientation (*building customer relations and maintaining customer contacts*), while, finally, the last factor describes a cultural approach to marketing orientation (*a company culture, customer satisfaction and building product positioning and image*).

Having identified a set of generic attitudes towards marketing orientation, we then tried to classify the respondents on the basis of these attitudes. To do so, we performed a cluster analysis using the factor scores derived from the P.C. Factor Analysis as independent variables.

For the clustering of the data we used the *Quick Cluster* routine of *spss/win*, a statistical program for P/C. The use of that routine, instead of the hierarchical cluster analysis, was impelled by the large data matrix. The main characteristic of that routine is that the analyst has to define the desired number of clusters the analysis will elicit. Thus, we tried 3 different solution with 3,4 and 5 clusters respectively. To decide which solution better represented the data we run, (*for each solution*), an analysis of variance along with Dunkan's multiple range test for each of the original variables (*from which the factors were derived*) across each cluster. From that analysis it was showed that the 5-clusters solution was better in describing the data. Table 3 summarises the results of that analysis.

As can be seen in Table 3, the first cluster, represents the Marketing Oriented companies. These companies believe that marketing is primarily a company culture with a priority in satisfying customers' need. To do so, they also believe that marketing orientation also encompass certain activities, such as collecting market information and intelligence on competitors, so that the company can adapt to the market and offer customer satisfaction. Within that framework, they believe that building relations with the customers helps in better understanding their needs while, proper product positioning and product image improves their ability to satisfy more than the core need (*e.g. psychological needs, social needs etc.*).

The second cluster comprises of those companies that have developed a Product Orientation. This attitude towards marketing is somehow close to marketing orientation, yet it is different in a fundamental way. More specifically, product oriented companies approach marketing with an emphasis on collecting market information for the purpose of managing the production and taking decision regarding the quality and the quantity of the production.

However, no particular emphasis is placed on associating these efforts with the objective of offering satisfaction to specific customer's needs. Hence, they cannot claim adoption of the marketing concept. Rather, they seem closer to the product orientation offered by Kotler (1988) to describe the companies which, in order to gain a competitive advantage, attempt to increase the attraction of their product through the addition of extra features, or the use of the most modern technology, while neglecting to specify customer's needs and a manner to serve these specific needs better.

**Table 3: Company Profiles Based on Company's Attitudinal Approach to Marketing Orientation - Analysis of Variance**

Variables (% of Companies, n=444)	Marketing Oriented (24,2%)	Product Oriented (20,2%)	Sales Oriented (14,5%)	Production Oriented (11,5%)	Agnostics (29,6%)	F	Sign.
• SUPPORTING SALES	(3,084)	4,025	[4,526]	3,888	[4,353]	28,790	0,000
• PROMOTING PRODUCTS	(2,894)	3,367	3,929	3,733	[4,086]	22,168	0,000
• SATISFY CUSTOMERS' NEEDS	[4,705]	4,291	(3,421)	4,405	4,396	41,388	0,000
• CONFINED IN SALES & MARKETING DPTs	(2,852)	(3,088)	[3,842]	3,288	3,594	10,482	0,000
• MARKET ANALYSIS	[4,357]	[4,468]	(3,350)	3,977	4,267	23,206	0,000
• NOT EXISTENT	(1,315)	2,329	2,245	(1,666)	[3,034]	46,214	0,000
• A COMPANY CULTURE	[4,094]	(2,835)	(2,175)	3,650	3,267	38,491	0,000
• BUILD PRODUCT POSITIONING & IMAGE	[4,126]	(3,075)	3,631	3,800	3,775	14,909	0,000
• DESIGN & PRODUCTION MANAGEMENT	2,789	[3,758]	2,245	[3,706]	(1,873)	51,512	0,000
• DECISIONS ON QUALITY & QUANTITY	3,452	[3,974]	(2,473)	[3,841]	(2,519)	34,033	0,000
• MAINTAIN CUSTOMERS CONTACTS	3,200	2,265	[4,105]	(1,911)	3,732	61,436	0,000
• INTELLIGENCE ON COMPETITION	[4,210]	3,949	(3,140)	(2,666)	3,965	34,692	0,000
• ADAPT TO THE MARKET	[4,378]	4,139	(3,333)	(3,111)	4,163	29,687	0,000
• BUILD CUSTOMER RELATIONS	[4,126]	(2,949)	[4,263]	(2,688)	3,956	48,237	0,000
• A CONFUSING CONCEPT	(1,663)	2,493	2,877	(1,666)	[3,163]	34,875	0,000

Figures represent the average of each variable in each cluster. Maximum values are in brackets while minimum in parentheses (based on Duncan's multiple range test,  $p < 0,10$ ). Significance level is based on one-way analysis of variance

The next cluster describes the companies that maintain a sales orientation. These companies believe that marketing is primarily a sales-support function and is better left to the Marketing or the Sales departments. Typical of their attitude towards marketing is the neglecting of any market analysis and the rejection of marketing as a company culture. Within this framework, they try to build relationships with their customers and maintain regular contacts not as means of increasing their understanding of their customers' needs but rather as a way to increase the effectiveness of their sales effort.

The fourth cluster consists of the Production Oriented companies. These companies hold the basic attitude that their marketing effort should focus on decision regarding the management of their production process and the quality and the quantities of the production outputs. They see no benefits in engaging with activities such as market analysis, collecting intelligence from competitors and adapting to market conditions. In other words, these companies, on the basis of their marketing attitude, can be described as introverted companies and much remoted from market developments.

Finally, the last cluster describes those companies which have a general picture of marketing as something that has to do something with the sales function. Still, marketing remains to them a confusing concept that they do not yet apply in their business activities.

When examining the characteristics of the five distinctive groups of companies derived from the analysis, it is clear that the analysis not only succeeded in producing these distinctive groups of companies holding different attitudes towards marketing orientation, but also that these groups are characterised by different levels of adaptability to the market conditions. Indeed, the «Marketing Oriented» group is characterised by maximum adaptability since, as can be seen in Table 3, they emphasise on market analysis, collection of intelligence on competition and market adaptation. The «Product Oriented» companies on the other hand are characterised by a lower level of adaptation to market condition. They, although emphasise on market analysis too (*so that they can incorporate «competitive technology and features» in their products*), fail whatsoever to take into full consideration the needs and demands of their customers in respect to their technological offerings. Next in terms of market adaptation is the «Sales Oriented» group. This group is characterised by even lower levels of adaptation to the market as the only evidence of market adaptation is their intensive selling effort. However, this effort occurs without any attempt to adapt in the needs and demands of their customers and the market in general. Then, the «Production Oriented» group follows. As Table 3 shows, this group of companies is basically concerned with production related issues, ignores the market developments and make no effort to collect intelligence on competition or to adapt to the market. Finally, the «Agnostics» group of companies appears to be the group with minimum adaptation to the market conditions as they do not give any particular emphasis on any, internal or external, development. Thus, it would appear that the findings presented in Table 3 demonstrate that it is possible to classify companies on the basis of their adoption of marketing

orientation. Furthermore, the derived classification scheme has also succeeded in depicting different levels of adaptation to market conditions with the «Marketing Oriented» companies being the most adaptive and the «Agnostics» being the least adaptive. This evidence supports our hypothesis that a classification scheme that is based on the different levels of marketing orientation adoption, while incorporating and demonstrating different levels of adaptability to the market, is possible (H1).

The next stage of the analysis involved the investigation of the potential relationship between marketing orientation as an attitude and marketing orientation as behaviour. For this purpose, we performed ANOVA using the attitudinal profiles derived from the previous stage of the analysis as independent variables and the measurements of marketing orientation (*as behaviour*) as dependent ones. Basically, we examined whether the means of the components of the scale employed to measure the degree of marketing orientation adoption (*as behaviour*) varied among companies exhibiting different attitudinal profiles. Table 4 presents the findings of that analysis.

**Table 4: Adoption of Marketing Orientation as Attitude - Analysis of Variance**

	Marketing Oriented	Product Oriented	Sales Oriented	Production Oriented	Agnostics	F	sign.
• Intelligence Collection	[4,041]	3,879	3,0762	3,527	3,317	16,972	0,000
• Intelligence Dissemination	[4,025]	3,890	3,014	3,543	3,340	14,726	0,000
• Response to Intelligence	[4,195]	3,705	2,758	3,290	3,094	16,902	0,000
* Adoption of Marketing Orientation ( <i>as behaviour</i> )	[4,091]	3,878	3,456	3,267	(2,942)	21,475	0,000

Figures represent the average of each variable in each cluster. Maximum values are in brackets while minimum in parentheses (based on Duncan's multiple range test,  $p < 0,10$ ). Significance level is based on one-way analysis of variance

The findings presented in Table 4 clearly demonstrate that the adoption of marketing orientation, as behaviour, is associated to the adoption of marketing orientation, as attitude. More specifically, the «Marketing Oriented» companies are characterised by greater emphasis in intelligence collection and dissemination as well as by greater responsiveness to intelligence. Consequently, «Marketing Oriented» companies (*in terms of their attitude towards marketing*) are the ones that undertake the set of activities which literature suggests that comprise marketing orientation as behaviour. At the other extreme, the «Agnostics», which have no specific attitude towards marketing, are the ones that demonstrate the lowest level of marketing orientation adoption (*as behaviour*). This finding is particularly important in the sense that it manifests that marketing orientation consists of a certain set of beliefs about marketing (*which form a specific attitude toward marketing*) and of a certain set of activities that actually materialise the attitude of marketing orientation into practice.

Influence of the Adoption of Marketing Orientation (as behaviour) by the Furthermore, our research showed that these two sets are interrelated and that the attitude to consider marketing as the culture of satisfying customers' needs and of adopting the products accordingly leads to specific actions that must be taken in the market place. On the other hand, unless a certain attitude is formed, these actions do not happen. This clarification is particularly important for both researchers who try to investigate various business phenomena and their relationship to the espousal of marketing orientation and practitioners who would wish to re-orientate their companies and build a genuine marketing orientation. Thus, on the basis of these findings we accept our hypothesis that a genuine marketing orientation adoption requires adjustment of both the company's attitude and behaviour (H2).

#### 4.2. Marketing Orientation Adoption in Industrial vs. Consumer Markets (H3)

Next, in order to investigate whether marketing orientation is equally developed by consumer and industrial goods companies we examined whether the distribution of companies characterised by various attitudinal profiles differed when the companies were broken down by the market in which they participate. Table 5 describes this analysis.

One first finding that is derived from Table 5 is the large number of both industrial and consumer companies falling in the «Agnostics» group. This finding is significant as it clearly indicates that confusion about the meaning and the content of the marketing concept transcends markets and industries.

**Table 5: Attitudinal Profiles Characterising Companies that Participate in Different Markets**

Attitudinal Profiles (% of companies)	Industrial Companies (n=161)	Consumer Companies (n=236)
• Marketing Oriented	18.1	24.6

• Product Oriented	18.1	20.3
• Sales Oriented	22.2	10.1
• Production Oriented	12.5	15.5
• Agnostics	29.2	29.5
<b>X<sup>2</sup>: 10.624, d.f.: 4, sign.: 0.031</b>		

Furthermore, the findings of Table 5 also demonstrate some worthwhile mentioning differentiations between industrial and consumer companies. More specifically, the findings suggest that industrial companies are prone to develop, primarily, a sales orientation while, marketing and product orientations are of equal popularity among the industrial firms. Consumer companies, on the other hand are more inclined in building a marketing orientation. This finding is quite important as it clearly demonstrates that industrial companies remain, to a large extent, introverted or, at best, some of them attempt to improve their business through the attraction of customers by the addition of extra futures or the use of better technologies, while only a small percent of the industrial companies strive to understand their customers' needs and satisfy them. With consumer companies, although by not much, things are better as a larger number of the latter attempt to specify and satisfy their customers' needs. Consequently, we reject our hypothesis that marketing orientation is equally developed by consumer and industrial companies since, as our findings suggest, industrial companies fall short in the adoption of the marketing orientation concept.

This evidence is a little puzzling as, given the more direct and the more complex relationships that develop between the industrial seller and the industrial customer, one could expect that marketing orientation, as culture, would have had greater acceptance among the industrial companies. However, as the findings manifest, this is not the case. As to the reason of this, one can only be speculative about it. One reason may be the fact that consumer companies have a historical advantage over industrial ones in the development and the implementation of marketing orientation. Another reason could involve an attitude, held by both industrial buyers and sellers, that price-related matters are more important than anything else in industrial marketing. In other words, if the industrial buyer does not see the advantage to build a marketing culture and work closely with his customers to specify and satisfy their needs he would be unwilling or indifferent to similar attempts coming from his suppliers. In fact, a non-marketing oriented industrial buyer could induce the same attitude to his supplier. Finally, another reason may lay on the background of the Top Management team of the industrial teams. Quite frequently they come with an engineering background that, in turn, drives them to place more emphasis on product-related matters than anything else. Such predisposition among the members of the Top Management team would then directly influence the company attitude and culture towards adopting a sales or product orientation, depending on the difficulties they are faced with when trying to sell their products.

### 4.3. Effect of Marketing Orientation on Company Performance (H4a, H4b, H5)

Next, the analysis was turned into the examination of a possible relationship between marketing orientation adoption and company performance as well as into the investigation of the significance that marketing orientation adoption has for the performance of industrial companies as compared to their consumer counterparts. Tables 6 and 7 summarise the results of these analyses.

As can be seen in Table 6, the results of the analysis for the sample as a whole revealed that the «Marketing Oriented» companies, in most cases, outperformed in all performance measures the companies with a different attitudinal approach towards marketing. More specifically, with the exception of the performance of «Production Oriented» companies against their own targets, «Marketing Oriented» companies did better both in terms of performance vs. targets and in terms of performance vs. Competition.

**Table 6: Marketing Orientation Adoption and Company Performance**

n=444	TOTAL SAMPLE						F	sign
	Marketing Oriented	Product Oriented	Sales Oriented	Production Oriented	Agnostics			
Profits vs. targets	[24,960]	20,831	(14,120)	[25,180]	18,791	10,498	0,000	
Sales volume vs. targets	[22,670]	23,338	(16,016)	[27,285]	20,534	12,775	0,000	
Market share vs. targets	[27,367]	23,292	(16,250)	[26,565]	(18,446)	10,113	0,000	
ROI vs. targets	[23,521]	17,400	(12,833)	[23,681]	15,943	10,436	0,000	
Profits vs. competitors	[22,560]	18,521	(12,137)	21,840	15,735	9,802	0,000	
Sales volume vs. competitors	[25,911]	20,437	(14,426)	21,985	18,198	9,960	0,000	
Market share vs. competitors	[29,039]	24,167	(14,895)	20,477	(16,815)	7,688	0,000	

ROI vs. competitors	<b>[21,536]</b>	14,908	(10,812)	20,568	(13,680)	10,290	0,000
<b>INDUSTRIAL COMPANIES</b>							
<b>n=161</b>	<b>Marketing Oriented</b>	<b>Product Oriented</b>	<b>Sales Oriented</b>	<b>Production Oriented</b>	<b>Agnostics</b>	<b>F</b>	<b>sign</b>
Profits vs. targets	<b>[26,555]</b>	21,391	17,935	20,400	17,710	2,310	0,061
Sales volume vs. targets	<b>[26,889]</b>	24,956	21,032	24,391	(19,184)	2,001	0,098
Market share vs. targets	<b>[25,222]</b>	24,272	(17,517)	24,409	(17,000)	2,794	0,029
ROI vs. targets	<b>[23,176]</b>	14,833	15,565	16,800	14,320	2,182	0,076
Profits vs. competitors	<b>[28,750]</b>	23,000	(15,800)	21,475	(15,458)	4,935	0,001
Sales volume vs. competitors	<b>[30,687]</b>	26,235	(19,120)	(21,409)	(15,293)	4,313	0,003
Market share vs. competitors	<b>[29,533]</b>	25,294	(14,041)	20,810	(12,370)	6,704	0,000
ROI vs. competitors	<b>[26,363]</b>	18,285	11,555	18,187	12,165	3,351	0,014
<b>CONSUMER COMPANIES</b>							
<b>n=236</b>	<b>Marketing Oriented</b>	<b>Product Oriented</b>	<b>Sales Oriented</b>	<b>Production Oriented</b>	<b>Agnostics</b>	<b>F</b>	<b>sign</b>
Profits vs. targets	21,886	19,743	19,833	22,533	16,849	1,961	0,102
Sales volume vs. targets	24,021	22,359	22,600	24,007	20,867	0,852	0,494
Market share vs. targets	25,285	23,333	(20,411)	24,808	(18,607)	9,705	0,019
ROI vs. targets	17,775	15,794	16,052	20,761	15,108	1,524	0,197
Profits vs. competitors	22,305	19,733	15,846	20,461	19,675	0,670	0,614
Sales volume vs. competitors	<b>[26,159]</b>	20,562	20,077	20,222	20,145	5,923	0,000
Market share vs. competitors	<b>[26,789]</b>	21,333	16,416	19,769	19,936	2,516	0,043
ROI vs. competitors	22,680	15,880	18,100	21,250	16,314	1,624	0,173
Figures represent the average of each variable in each cluster. Maximum values are in brackets while minimum in parentheses (based on Duncan's multiple range test, $p < 0,10$ ). Significance level is based on one-way analysis of variance							

As far as the also high performance of the «Production Oriented» companies is concerned, one should keep in mind that production orientation is the least demanding one, in terms of investments and expenditures. This orientation requires that the companies maintain stiff control over costs so that efficiency and price advantage can be derived. In addition, companies pursuing a production orientation have more stable, and predictable, business serving regular customers and receiving steady cash-flows. Hence, based on their previous experience and in their pursuit for efficiency, they can set realistic expectations about performance that they can easily achieve.

However, when performance is evaluated against the performance of their main competitors then «Production Oriented» companies, as all other companies that do not have developed a marketing orientation, are left behind in all four measures of performance (*sales volume, market share, profits and ROI*). As the company's performance against its competition is the most critical issue regarding the company's viability in the future, the data suggest that, only marketing orientation safeguards the company's long-term prosperity.

Similar are the conclusions derived when the relationship between marketing orientation (*as behaviour*) and company performance is investigated (*see Table 7*). Indeed, the examination of the Pearson's correlation coefficients between the marketing orientation adoption and all eight measures of company performance show positive and statistically significant associations. These findings give support to our hypotheses, i.e. that marketing orientation adoption (*both as attitude and as behaviour*) has a positive effect on both the company performance vs. the performance objectives (H4a) and company performance vs. the company's competitors' performance (H4b).

Next, the effects of marketing orientation on company performance is examined for companies operating in different markets. Tables 6 and 7 show that marketing orientation has a greater impact on the performance of industrial goods companies than it has on the performance of the consumer goods companies. More specifically, «Marketing Oriented» companies in industrial markets, when compared to the companies with different orientations, achieve significantly higher performance in all measures used for performance evaluation. On the other hand, the «Marketing Oriented» companies in consumer markets achieve better performance mainly in terms of profits vs. competitors and ROI vs. competitors. Similarly, when the association between marketing orientation (*as behaviour*) and company performance is investigated (*Table 7*), it is revealed that although for the industrial companies the adoption of marketing orientation is positively and statistically significantly associated with all the performance dimensions examined, for the consumer ones, this association, for some of the performance dimensions examined (*profits, sales-volume and ROI vs. competition*), though positive, it is not statistically significant.

**Table 7: Marketing Orientation Adoption (as behaviour) and Company Performance**

	Profits vs. Targets	Sales volume vs. Targets	Market share vs. Targets	ROI vs. Targets	Profits vs. Competition	Sales volume vs. Competition	Market share vs. Competition	ROI vs. Competition
<b>Total Sample</b>	0,257 <sup>a</sup>	0,226 <sup>a</sup>	0,378 <sup>a</sup>	0,272 <sup>a</sup>	0,131 <sup>d</sup>	0,191 <sup>a</sup>	0,277 <sup>a</sup>	0,179 <sup>c</sup>
<b>Industrial</b>	0,328 <sup>a</sup>	0,275 <sup>b</sup>	0,427 <sup>a</sup>	0,341 <sup>a</sup>	0,186 <sup>e</sup>	0,2837 <sup>b</sup>	0,397 <sup>a</sup>	0,246 <sup>d</sup>
<b>Consumer</b>	0,2042 <sup>b</sup>	0,158 <sup>c</sup>	0,354 <sup>a</sup>	0,215 <sup>b</sup>	0,054	0,074	0,173 <sup>d</sup>	0,091

Values represent Pearson's r correlation coefficients  
a: significant at p=0,000                                 c: significant at 0,005 < p < 0,010                                 e: significant at p < 0,100  
b: significant at p < 0,005                                 d: significant at 0,010 < p < 0,050

These points are particularly important as they manifest the major importance of marketing orientation for industrial marketers. Apparently, in industrial markets, where the relationships between sellers and customers are more direct and more complex, it pays off to strive to specify the needs of the customer and mobilise the entire organisation to satisfy them. In other words, although important, price is not all that matters and other issues (*e.g. product quality as defined by the customer, delivery times etc.*) are also critical, if not more important, for growth and profits. Hence, for a company to excel in these evaluation criteria employed by industrial customers when considering alternative suppliers, and gain business, marketing orientation becomes a necessity.

On the other hand, in consumer markets a marketing orientation helps in improving the market share and the sales volume achieved compared to competitors' achievements but other aspects of performance do not seem to be in any influence. However, one has to keep in mind that in consumer markets the relationships developed between the producer and the end-user of the product are not that direct any more. With the expanding role, and power, of the distribution channels, one has to recognise the importance of the distribution members in the producers' profitability, sales volume etc. A strong marketing orientation certainly helps to achieve better market shares and sales volumes against a company's competitors in the sense that the right product is always preferred by the end users. However, other aspects of the company's performance like profits achieved and the like, are significantly swayed by the arrangements that the company makes with channel members from year to year. Hence, when one considers the influence on performance by the adoption of marketing orientation in consumer markets, he has to take into consideration such characteristics that might mediate the relationship with certain performance measures. On these grounds, we accept our hypothesis that, overall, marketing orientation adoption has a greater impact on the performance of the industrial companies than it has on the performance of their consumer counterparts (H5).

## 5. Conclusions and Implications

The empirical findings presented in this paper provide important insights with regard to both the concept of marketing orientation and its influence on company performance.

As the analysis has showed, the attitudinal aspect of marketing orientation is interrelated with the behavioural facet of the concept. Indeed, the findings have showed that the companies that maintain a certain attitude towards marketing (*i.e. perceive marketing to be a company culture to satisfy customers' needs and, for that purpose, to adjust products accordingly*) are also the ones that exhibit a certain pattern of behaviour targeted to maximise the company's adaptation to market conditions (*through the collection of market intelligence, its dissemination throughout the company and the undertaking of action that manifests responsiveness to this intelligence*).

The establishment of this interrelationships helps to explain why companies striving to build a marketing orientation often fail. Starting from the main principle that marketing orientated companies stand in the market to satisfy customers' needs, their Management usually attempts to shed a marketing oriented approach either to the company's system of beliefs or to their company's structural arrangements. Our analysis has showed that by placing emphasis solely on the company's attitude, through manipulation of the prevailing system of beliefs, marketing orientation cannot flourish. At best, people will start thinking in terms of satisfying customers' needs but, the knowledge of what these needs exactly are and how they can be satisfied, will be absent. Unless the skills to collect intelligence from the market are incorporated in the company and the structural arrangements are re-designed to accommodate the necessary intradepartmental flow of communication, the company will be unable to show responsiveness to customers' needs and satisfy them.

At the same time, however, incorporating these skills and re-designing the structure will fail to cultivate a marketing orientation unless the system of beliefs is modified so that the importance of offering customer satisfaction is comprehended and acknowledged company-wide. If the latter condition is not met, intelligence from the market will be overlooked (*or miss-interpreted to match to the prevailing values of the company*) and the company will be unable to show responsiveness to the market conditions.

Thus, the establishment of the interrelation between the two pivots of the marketing orientation serves in guiding the efforts of the companies that attempt to become marketing orientated. Their efforts need to focus on both the aspects of the concept if «lip-service» to marketing is to be avoided. Furthermore, the establishment of this interrelation has value for and should be considered by the researchers in the field of marketing. Insofar, most attempts to examine several phenomena in the field of marketing and/or management in relation to the extent of marketing orientation adoption, were done by treating marketing orientation as either a set of attitudes or a set of practices-behaviour. Our empirical findings suggest that such severance should be avoided.

Another interesting finding is the one referring to the degree of adoption of the marketing orientation concept by industrial companies. As our analysis has showed, industrial companies, when compared to consumer ones, are less likely to have developed a marketing orientation. This finding is rather peculiar as one would reasonably expect that in markets where customer-producer relationships are more direct the latter would show more interest to work close with the former in order to specify and satisfy his needs. Clearly this is not the case as industrial companies are more keen in the pursuit of a production or a product orientation possibly due to a biased background of the Top Management team, a tendency to assign the utmost importance to price/product-related matters, or a compliance to the practices or attitudes imposed by their buyers. Whatever the reason(s), this finding reveals that most industrial companies fall short in adjusting to their markets and offering satisfaction to specific customer's needs. Hence, corrective action with regard to both the attitude held and the practices employed by industrial companies is necessary so that their market adaptation abilities are increased. This necessity stems from the fact that, as the data has revealed, those industrial companies that have espoused marketing orientation enjoy better performance.

Indeed, as demonstrated, those industrial companies that are characterised by higher levels of marketing orientation adoption, when compared to all other companies with different orientations, are the ones that achieve better performance, not only against their own performance goals, but also, and more importantly, against their competitors. More specifically, the profits, R.O.I, sales volume and market share of the marketing orientated industrial companies, compared to the respective figures of the not-marketing orientated ones, are significantly higher. Criticism on marketing orientation has been focused on that, by placing customers' needs on top of the agenda the company may become too «customer-driven» and, in the process, neglect other, organisation- and competition-related, matters that influence its performance. However, our findings support that marketing orientation adoption improves the performance of the company in all eight aspects of performance that were examined. Clearly, industrial companies that invest in understanding the customers and adapting to their needs gain in terms of the preference they enjoy in the market as potential suppliers. This preference is translated into better performance, not only in terms of the performance objectives they set but also, and more importantly, in comparison to the performance achieved by their main competitors.

Furthermore, the investment that may be required to build a genuine marketing orientation does not affect negatively neither the company's long-term profits nor its long term profitability. On the contrary, industrial companies that admittedly offer satisfaction (*through the products they build, the features and technology they employ, the prices they charge, the distributional arrangements they design etc.*) to specific customers' needs are apparently legitimised to command better prices and higher profit margins that, more than adequately, finance the establishment and maintenance of a marketing orientation. Thus, greater power in the market through marketing orientation is not achieved at the expense of capital gains and, consequently, marketing orientation does represent a significant competitive advantage leading to company growth. This finding should be taken into serious consideration and encourage the Management of non-marketing orientated industrial companies to proceed to build a marketing orientation.

## **6. Future Research**

Many of the findings and the conclusions presented in this paper may serve as stimuli for further research efforts that will help improve our understanding of marketing orientation and its effect on company performance.

One, first, direction for future research that springs from this research is the need to construct a single measurement of marketing orientation that will comprise both the attitudinal and the behavioural pivots of the concept. In this study, marketing orientation was measured by using two different measures for each different aspect of the concept. Future attempt should seek to develop and validate through empirical evidence a single measure that will incorporate both of them. Such measure would facilitate further research in the field of marketing and specifically the

investigation of relationships and/or causalities between the adoption of marketing orientation and other managerial considerations.

Another fruitful ground for future research is the one pertaining to the conditions under which marketing orientation is developed. As this research has shown, different orientations exist and one can identify companies that pursue them. Future research should attempt to answer questions like why the majority of the companies do not follow a marketing orientation, especially when the latter is admittedly a solid source of competitive advantage? Are there any company-specific, or environment-specific for that matter, conditions that influence the development of marketing orientation? The identification of mediating variables that influence the development of marketing orientation will be particularly useful to the companies that struggle to develop it as it will depict the issues the company needs to tackle in order to do so.

Furthermore, research in this direction could also reveal the reasons why industrial companies fall evidently short in developing a marketing orientation, despite the advantages the concept brings about. Our research managed to pinpoint the fact but, as to the reasoning, we can only be speculative about it. Hence, research focusing on the identification of factors that mediate the espousal and development of the marketing orientation concept can be particularly helpful in explaining the phenomenon.

Finally, research is also needed on the marketing orientation development process. Clearly, in order to accomplish the necessary revisions of the company's attitude and behaviour, the Management has to take several steps. What exactly these steps are? And if the existing literature in organisational culture provides insights concerning the task of changing the company's system of values and beliefs, what about the necessary modifications that must be done in order that the company's behaviour will manifest adoption of the marketing orientation? Research in that direction can also be very enlightening and constructive for those companies that are interested in developing a marketing orientated approach in their business practices.

## Appendix A

### ☆ **Marketing Orientation as Attitude - Means and Standard Deviations**

Marketing is:

<i>Marketing is,</i>	<b>Means</b>	<b>Standard Deviations</b>
• Primarily a sales-support function	3,975	1,097
• About promoting our products	3,582	1,097
• About identifying/specifying our customers' needs and satisfying them	4,319	0,817
• What the Marketing and/or the Sales Dpts do	3,315	1,137
• The effort to analyse market conditions	4,146	0,851
• Literally non-existent to our company	3,253	1,512
• The philosophy/culture leading our company	3,253	1,211
• About building an image/positioning for our products	3,697	0,982
• A way to handle decisions concerning the quality and quantity of the production process	3,260	1,211
• About managing the production process	2,824	1,185
• A way to create customer contacts and closing deals	3,163	0,990
• The effort to collect intelligence on competition	3,752	0,933
• Adapting to changing market conditions	3,933	1,021
• Building customer relationships	3,674	1,021
• A confusing concept	2,470	1,226

### ☆ **Marketing Orientation as Behaviour - Means, Standard Deviations and Reliability Analysis**

	<b>Means</b>	<b>Standard Deviations</b>	<b>Variable to Scale Correlation</b>	<b>Cronbach's Alfa without the variable</b>	<b>Alfa Coeff.</b>
<b><u>Collect Market Intelligence</u></b>					0,675
• Collect information from users on their future needs	3,651	1,288	0,431	0,594	
• Company is slow in identifying changes in preferences	3,450	1,290	0,327	0,667	
• Information is collected from the user to evaluate product's quality	3,509	1,301	0,498	0,565	
• Frequent contacts with potential influences of the end-users buying decisions	3,476	1,411	0,422	0,595	



• Delays in identifying and comprehending major changes in the market environment	3,739	1,322	0,423	0,596	
<b><u>Intelligence Dissemination</u></b>					0,805
• Minimal communication between Marketing and the other departments about market developments	3,606	1,371	0,536	0,781	
• Information on customers' satisfaction is disseminated throughout the organisation and hierarchical levels	2,945	1,397	0,560	0,776	
• Marketing people meet managers from other departments to discuss future needs of the end-users	3,237	1,391	0,670	0,749	
• When something big happens to a major customer or market the whole organisation knows about it in a short term	3,845	1,246	0,548	0,778	
• Marketing employees meet regularly with employees of other functional units to discuss future trends in the market	3,651	1,249	0,628	0,761	
• The various departments are slow to become informed on matters related to competition, customers etc.	3,870	1,234	0,441	0,788	
<b><u>Response to Intelligence</u></b>					0,682
• Employees from different functional units meet frequently to design the company response to changing market conditions	3,434	1,219	0,456	0,566	
• Strategies and plans are based more on the company's production capabilities rather than market research results	2,614	1,329	0,310	0,524	
• There is a tendency to ignore changes in the preference patterns of the end-users regarding the products they buy	3,711	1,253	0,469	0,554	
• New product development procedures are often scrutinised in order to ensure that they produce the right products that will satisfy the customers	3,368	1,391	0,449	0,555	
<b><u>Marketing Orientation (as behaviour)</u></b>	3,474	0,775			0,822
◊ <i>Intelligence collection</i>	3,559	0,894	0,649	0,781	
◊ <i>Intelligence dissemination</i>	3,527	0,934	0,692	0,737	
◊ <i>Response to intelligence</i>	3,290	0,879	0,687	0,744	

## References

1. Alexander M. (1985), «*Creative Marketing and Innovative Consumer Product Design - Some Case Studies*», Design Studies, vol. 6, no. 1, p.p. 41-50
2. Baker M. (1989), «*Marketing - A New Philosophy of Management ?*», The Quarterly Review of Marketing, Winter, p.p. 1-4
3. Begozzi R. (1975), «*Marketing as Exchange*», Journal of Marketing, vol. 39, no. 3, p.p. 32-39
4. Bilkey W. (1978), «*The Export Behaviour of Small Sized Wisconsin Firms*», Journal of International Business Studies, vol. 8, spring/summer, p.p. 93-98
5. Bonoma T., The Marketing Edge: Making Strategies Work, 1985, N. York, Free Press
6. Bonoma T. and B. Clark, Marketing Performance Assessment, 1992, Massachusetts, H.B.S. Press
7. Brown R. (1987), «*Marketing - A Function and Philosophy*», The Quarterly Review of Marketing, vol. 12, nos. 3-4, p.p. 25-30
8. Canning G., (1988), «*Is Your Company Marketing Oriented ?*», Journal of Business Strategy, vol. 9, no. 3, p.p.34-36
9. Cavusgil S. (1984), «*Differences Among Exporting Firms Based on Their Degree of Internationalisation*», Journal of Business Research, vol. 12, no. 3, p.p. 195-208
10. Chaganti R. and R. Chaganti (1983), «*A Profile of Profitable and Not-So-Profitable Small Firms*», Journal of Small Business Management, July, p.p.43-51
11. Child J., (1975), «*Managerial and Organisational Factors Associated With Company Performance - Part II: A Contingency Analysis*», The Journal of Management Studies, February, p.p.12-27
12. Chisnall P., Strategic Industrial Marketing, 1985, N. York, Prentice Hall
13. Churchill G., Marketing Research: Methodological Foundations, 1991 (5<sup>th</sup> ed.), Orlando, Dryden Press
14. Deshpande R., J. Farley and Fr. Webster, Corporate Culture, Customer Orientation and Innovativeness in Japanese Firms: A Quadrant Analysis, 1992, Marketing Science Institute, Report no. 92-100, Boston Massachusetts
15. Deshpande R and Fr. Webster (1989), «*Organisational Culture and Marketing: Defining the Research Agenda*», Journal of Marketing, vol. 53, no. 1, p.p. 3-15
16. Dixon R. (1990), «*Marketing as Production: The Development of a Concept*», Journal of The Academy of Marketing Science, vol. 18, no. 4, p.p. 337-343
17. Druker P., The Practice of Management, 1954, N. York, Harper and Row Publishers Inc.
18. Dubinsky A. and Ingram T, «*A Factor Analysis Study of criteria Examined in the First-Lines Sales Manager Promotion Process*», in B. Walker et al. (editors), An Assessment of Marketing Thought and Practice, Chicago, AMA's 1982 Educator's Conference Proceedings, p.p. 224-7
19. Elliot G. (1987), «*The Marketing Concept: Necessary but Sufficient ?*», European Journal of Marketing, vol. 21, no. 2, p.p.20-30
20. Felton A. (1959), «*Making the Marketing Concept Work*», Harvard Business Review, vol. 37, no. 4, p.p. 55-65
21. Hansen R. (1980), «*A Self-Perception Interpretation of the Effects on Monetary and Non-Monetary Incentives of Mail Survey Respondent Behaviour*», Journal of Marketing Research, vol. 17, February, p.p.77-83
22. Hooley Gr., J. Lynch and J. Shepherd (1990), «*The Marketing Concept: Putting the Theory into Practice*», European Journal of Marketing, vol. 24, no. 9, p.p. 7-23
23. Hooley Gr. and J. Shepherd (1985) «*Lessons from the UK's High-Flying Companies*», Journal of Marketing Management, vol. 1 no. 1, p.p. 65-74
24. Houston Fr. (1986), «*The Marketing Concept: What It Is And What It Is Not*», Journal of Marketing, vol. 50, no. 2, p.p. 23-39

25. Hutt M. and Th. Speh, Business Marketing Management, 3<sup>rd</sup> edition, 1992, N. York, Dryden Press
26. King S. (1985), «*Has Marketing Failed or Was it Never Really Tried ?*», Journal of Marketing Management, vol. 1, no. 1, p.p. 24-36
27. Kotler Ph., Marketing Management, 1988 (6<sup>th</sup> ed.), N. York, Prentice Hall
28. Kohli A. and B. Jaworski, Market Orientation: Antecedents and Consequences, 1992, Marketing Science Institute, Report no. 92-104, Cambridge, Massachusetts
29. Kohli A. and B. Jaworski, Market Orientation: The Construct, Research Propositions and Managerial Implications, 1990, Marketing Science Institute, Report no. 90-113, Cambridge, Massachusetts
30. Narver J. and St. Slater, The Effect of Market Orientation on Business Profitability, 1989, Marketing Science Institute, Report no. 89-120, Cambridge Massachusetts
31. Payne A. (1988), «*Developing a Market Oriented Organisation*», Business Horizons, vol. 31, no. 3 p.p. 46-53
32. Piercy N., Market-Led Strategic Change, 1992, Oxford, Butterworth-Heinemann
33. Reeder R.R., E.G. Brierty and B.H. Reeder, Industrial Marketing, 1991, N. York, Prentice-Hall
34. Ruekert R. (1992), «*Developing A Market Orientation: An Organisational Strategy Perspective*», International Journal of Research in Marketing, vol. 9, p.p. 225-245
35. Saunders J. and V. Wong (1985), «*In Search of Excellence in the UK*», Journal of Marketing Management, vol. 1, no. 2, p.p. 119-137
36. Swartz G., Organising to Become Market Driven, 1990, Marketing Science Institute, Report no. 90-123, Boston Massachusetts
37. Takeuchi H. and Quelch J (1983), «*Quality Is More Than Making A Good Product*», Harvard Business Review, vol. 61, no.4, p.p. 139-145
38. Trout J. and A. Ries, Marketing Warfare, 1985, N. York, McGraw Hill
39. Trustrum L. (1989), «*Marketing: Concept and Function*», European Journal of Marketing, vol. 23, no. 3, p.p. 48-56
40. Tull D. and D. Hawkins, Marketing Research: Measurement and Method, 1987 (4<sup>th</sup> ed.), N. York, Macmillan Inc.