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Customer relationship orientation - evolutionary link between market orientation and customer relationship management

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Customer Relationship Orientation – Evolutionary link between Market Orientation and Customer Relationship Management.

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ABSTRACT

Market Orientation continues to evolve and this paper re-visits the concept. Using 20 cases across two countries and many industries, this paper finds that market orientation (MO) is actually a measure of the organizations ability to maintain, develop and build a relationship with its customer base. A surprising finding is that MO actually depends on the emphasis an organization gives to its past, present and future customer bases. Organizations that fail to reap the benefits of MO do so because they have not embraced MO at the right level. This paper encourages practitioners to identify those factors that contribute to the development of a customer relationship orientation to fully experience the benefits of adopting a market orientation. The paper presents several simplified frameworks that contribute to the overall theoretical body of knowledge and practice.

INTRODUCTION

The purpose of this paper is to explore the concept of market orientation (MO) and look at it from the current perspective of customer relationship management (CRM). MO is a quintessential concept where there is unanimous agreement on its importance and its benefits by academicians. It increases adaptability, performance and profits, and creates a learning organization; however the fact is that organizations are not falling over themselves to embrace the concept. The reasons are many:

- the MO concept and other related topics are yet to be universally defined; *Market orientation, market concept, marketing concept, customer focus, customer orientation and relationship orientation* have all been used to describe the same or similar concepts, bringing to review, not only diversity of views but confusion also.
- the subject has interdisciplinary overtones leading to individual author's subjective interpretations.
- little agreement on principles of the concept, antecedents and consequences, and lack of consensus on individual findings (Lafferty and Hult, 2001; Harris, 2000) add to the confusion.

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This paper attempts to understand and simplify the concept of marketing orientation to increase applicability in the strategic business environment. A part of the findings of a doctoral thesis are presented. The inferences derived from an extensive literature review were tested using qualitative case study methodology. The results are discussed and future areas of research are suggested.

LITERATURE REVIEW

The Customer: At the Heart of Market Orientation

To get a holistic perspective of MO, it becomes necessary to familiarize oneself with its evolution. The root of *market orientation* (MO) is the '*marketing concept,* with MO being defined as *'the application of the marketing concept'*.' (Deng and Dart, 1999; Dalgic, 1998; Siguaw et at, 1998; Kohli and Jaworski, 1990). Much of contemporary research on MO hinges around two papers published in 1990, one by Kohli and Jaworski (1990) and the other by Narver and Slater (1990). Both papers spawned a host of related and unrelated papers defending, criticizing and empirically testing the proposed definition of MO (Lado et al, 1998). Lafferty and Hult (2001) presented a synthesis of contemporary marketing perspectives, and concluded that one of the four general areas of agreement, was the emphasis on customer. Hence it is possible to conclude that there is an almost universal consensus on the fact that the customer is the heart of MO. It is only the extent of the customer influence and the method of determining MO that is in disagreement (Slater and Narver, 1999, Kumar et al, 1998).

The goal under the marketing concept was customer satisfaction. However, under relationship marketing and a multiple stakeholder approach, the focus shifts to creating value (Payne and Holt, 2001, Sharma and Sheth, 1997). It distributes the role of marketing throughout the firm, refocuses the organization on customer retention rather than customer acquisition and aims at customer selectivity, recognizing that not every satisfied customer is a good one (Sharma and Sheth, 1997). Market oriented organizations provide continuous superior business value by providing superior customer value (*see Narver and Slater, p.21, 1990*). Thus, MO looks at both '***current and future*** customer needs..' (*see Kohli and Jaworski, 1990, p.6*) and **past customers** by taking the time and resources to 'understand ***how customers' needs are evolving***' (Slater and Narver, 1999).

The importance of customers of the past and present is highlighted by the concept of repeat business. Repeat business contributes to Customer Lifetime Value (Reichheld and Sasser, 1990) which increases profitability and decreases costs. A company can do this by increasing those customer segments that have a higher profitability, retaining a higher proportion of most valuable customers longer or by increasing sales to existing customer by increasing purchases or referrals (Pitt et al, 2000; Payne and Holt, 2001). Past customers with whom an organization has developed a relationship have the potential to become loyal customers. Loyal customers are more profitable than non-loyal customers (Dowling, 2002). Though existing customers are cheaper to retain than finding new ones, it is important to prioritize customer segments as different segments have different potential profitabilities (Payne and Holt, 2001). Customer relationship management **(**CRM) highlights the importance of segmentation (Crosby, 2002; Bull 2003).

Therefore it is possible for a firm to be innovation oriented but not customer-relationship oriented and consequently not market oriented. A customer-oriented firm can change its target customer as it redefines its product-market. For example highly innovation focused organization, keep introducing new products into the market and then find and focus on the target customer market. Some innovative products have an average product life cycle that may be very short, which might necessitate new target customers. The firm that is customer relationship oriented and hence market oriented would focus on developing customer loyalty with the same set of defined target customers. This target is selective as it is not possible for a company to maintain a close relationship with all its segments. Market research is an important component of market orientation (Kohli and Jaworski, 1990; Javalgi et al, 2006) and most organizations focus on past and present customers (Kohli et al, 1993). It was empirically found that more successful firms engage in market research to identify new opportunities (Shaw, 2000). This indicates that for a market-oriented organization, the focus must not only be on the current or past customer but also the future potential one (Slater and Narver, 1999; Kohli et al, 1993; Slater and Narver, 1994).

Customer Relationship Management (CRM) is an emerging subject of great interest (*for details on history see Ngai, 2005*). The benefits of CRM (directly and indirectly) are similar to those that accrue from MO. CRM leads to customer loyalty, customer satisfaction, customer lifetime profitability and customer retention (Javalgi et al, 2006) which in turn leads to organizational performance (McNaughton et al, 2002, p. 996-997). The benefits reinforce MO benefits (see Table 1, for a compilation of MO benefits based on empirical studies) – cost saving in business, market value and performance (Slater et al, 1997; Lusch et al, 1996; Reichheld and Sasser, 1990) and increasing net present value (Reichheld and Sasser, 1990). Customer equity can be increased by increasing customer retention and by increasing the referral rate (Pitt et al, 2000). So the first important conclusion is **that one cannot have MO without a customer relationship orientation (CRO).** We introduce this new term as it is an alternative measure of MO**. It becomes important to stress that customer relationship is the relationship one has with those target group of customers that contribute to the attainment of the company's end objectives and it would mean fostering relevant relationships with additional stakeholders to ensure all is in alignment.**

Developing a CRO means being clear on target market/customer by developing a recognizable communication pattern that endures, and with which the target customer can identify themselves with (e.g. Pepsi-The Choice of A New Generation). It may be a brand strategy (Pampers, Coke) or a corporate strategy (IBM, General Electric). **Customer relationship is different from customer focus as a customer focus may be short-term oriented, but a customer relationship spreads over a longer period of time and involves an emotional bond that allows the customer to identify itself on some level with the company.** CRM is a relationship – it is interactive and long-term leading to benefits for the customer and the organization (Crosby, 2002). It requires more effort on maintaining the same customer set and getting them to convert to the new products instead of always looking for a new customer base. Hence it is important not to confuse the terms, customer orientation and customer relationship orientation, as synonymous.

We should be able to conclude that the term customer orientation used in *market orientation* literature refers to what we specify as *customer relationship orientation (CRO).* CRO helps focus on profitable customers, their individual needs (both current and latent) and helps partner strategies that leverage customer resources, enhancing an organization's efforts more effectively and efficiently (Gruen, 1997). Here a note of caution must be added. CRO is important for an organization but the organization's long-term financial goals must not be lost. A company that bends itself backwards for the customer may find itself on its way to oblivion. The balancing of both organizational objectives with CRO is central to MO. Customer relationship marketing is more than mere loyalty; it is a function of customer interaction, retention, brand equity, goodwill equity, service equity and organizational learning which leads to long-term customer interactions and emotional and social bonds (O'Malley and Tynan, 2000).

Interestingly enough, though organizations said they were focusing on customer relationship management, Keaveney (1995) found that companies failed to retain existing customers 67.8% of the time due to poor service and Reichheld (1996) found that a typical organization lost 10%-30% of its customers every year. Other CRM studies found that the rate of failure to implement CRM was as close to 70% (Bull, 2003). The similarity between MO and CRM is very high and they seem to have similar problems in implementation.

To conclude, the central tenet of market orientation is Customer Relationship Orientation, which can be defined as the ability of an organization to develop, maintain and build a relationship with the customer (end and intermediate) through which the organization achieves its business goals, ensures its survival and also builds itself through its resources, by fostering relevant relationships with its stakeholders. CRO embraces all customers, those in the past, present and future.

Understanding Market Orientation and its Transitional States

Marketing concept has been often described as a culture (Harris, 2000; Slater and Narver, 1995), a strategy (Lafferty and Hult, 2001; Pelham and Wilson, 1996) and a philosophy (Dalgic, 1998; Ngai and Ellis, 1998). Rather than consider them mutually exclusive, it is better to think of them as levels at which MO can be embraced. The lowest level would be philosophy, followed by strategy and finally by culture (see Figure 1). MO is an extremely time and resource consuming process (Van Egeren and O'Connor, 1998; Kohli and Jaworski, 1990), requiring active involvement of the whole organization (Kohli and Jaworski, 1990), though it often originates with the Top Management (Webster, 1988). Leaders cannot simply adopt a MO but must initiate, develop and grow it within an organization (Hunt and Morgan, 1995). A change in market–oriented culture involves a high amount of disruption to existing systems, structure and procedures. Further one of the factors strongly associated with MO is a learning organisation (Lee and Tsai, 2005; Slater and Narver, 1995; Baker and Sinkula, 1999; Narver and Slater, 1990). Learning organization only occurs at the cultural level (Hult et al, 2004). Hence embracing MO at the cultural level will correspond to the highest MO level.

"Market Orientation is a state at which the company arrives, passing through several phases that represent different level of adaptation to the market" (Avlonitis and Gounaris, 1999, pg. 1028). This explains why a company could say that they are market-oriented (philosophy), but by not implementing it in their strategy, they would not realize the benefits of MO. The greater the degree of alignment between philosophy, strategy and culture with organizational goals, more effective an organization will be in achieving its goals. MO can be shown as a continuum (Kohli and Jaworski, 1990, p. 6; Deshpande, Farley and Webster, 1993, p.32; Kumar, Subramanian and Yauger, 1998, p.204; Slater and Narver,1999, p.1165). A philosophy and strategy are often necessary to introduce MO, as a culture takes time to develop. As the level of market orientation increases, the obvious benefits of market orientation will increase (see Table 1). This is true of CRM, it should be embraced not only at the philosophy level but at strategy and cultural levels for the organization to benefit from a CRM strategy (Bull, 2003; Crosby, 2002;).

This literature review is concluded with the following inference.

Inference 1: ***Market Orientation is a measure of how much an organization develops a Customer Relationship Orientation. This is a measure of the relationship an organization has developed and is developing with its past, present and future customers.***

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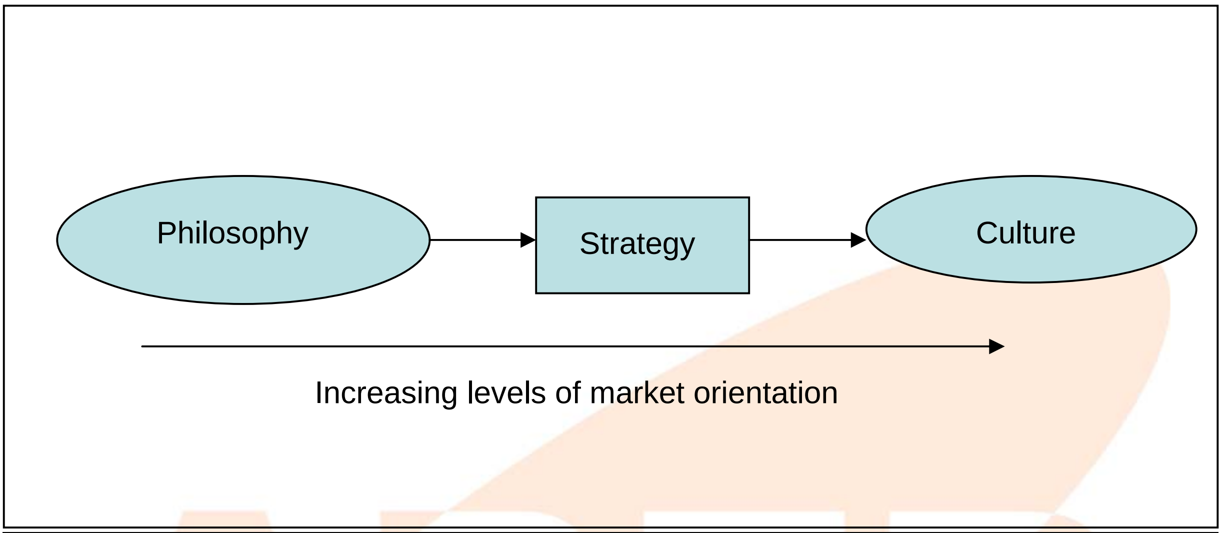
Inference 2***: Those companies that embrace market orientation (MO) at the cultural level will have a higher MO than those companies that embrace MO at the strategy levels which will have a higher MO than those companies that embrace it at the philosophy level.***

Figure 1: Transitional Levels of Market Orientation



METHODOLOGY

The setting for this study was a cross-cultural/international one, involving organizations from two countries – Taiwan ROC and India. A descriptive, multiple case study methodology was used since the study was nascent with respect to the combination of variables under study. The subject had inter-disciplinary overtones and required a multi-perceptual approach making the drawing of conclusions more difficult. It evaluated strategic variables, which required a longitudinal insight and were often enveloped in secrecy (it was a non-replicable environment). The methodology used was a hybrid one and had both qualitative and quantitative aspects juxtaposed. Qualitatively, Case Study Methodology was used. Further as the environment plays such an important role in the study, case study methodology was ideal, as previous studies have found a strong correlation between subjective assessment and objective assessment of environment (Van Egeren and O'Connor, 1998).

Sample

A sample size of 20 companies was chosen. Cases selected were convenience samples, based on willingness and accessibility (Yin 1994, Stake 1995). Since the study involved disclosure to some extent of sensitive data, it was essential that the participants of the case studies were willing and easy subjects. Further due to the authors' proximity to the two locations, the case studies were chosen from Taiwan (Taipei), which is an export-driven economy and India (Mumbai), which is an import substitution economy. A wide range of industries were represented (see Table 2). Using personal contacts and through networking, 20 companies agreed to participate in the study from an initial sample size of 28. The common factor to all the organizations was that they were Indian companies.

At the time of data collection, it was decided that MNCs would be avoided, because by and large MNCs were more market oriented than the other companies (Appiah-Adu and Singh, 1998) and further being SBUs their strategy would be a reflection of the parent body's strategy (Samiee and Athanassiou, 1998). Smaller entrepreneurial firms were chosen, knowing that they are able to respond to market changes more rapidly than their larger counterpart (Yaprick, 1985). The respondents in each

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industry were assured anonymity, as they are more likely to give unbiased responses (Heneman, 1974). The organization names have been withheld.

Data Validity

A multiple descriptive case study approach has been used before many authors (Bohman and Lindfors, 1998; Meyer, 1982). Multiple case studies strengthen the results by replicating the pattern matching, thereby increasing confidence in robustness of theory (Yin 1994). To maintain the robustness of each case, a case study protocol was used. To increase the reliability of the research data, triangulation of data and construct-validity were maintained by using theoretical reasoning, conducting multiple personal interviews (formal, semi-formal and informal), secondary data collection, collection of primary qualitative and quantitative data and examining non-verbal clues (Bohman and Lindfors, 1998). Personal survey method conducted by the researcher, increased the robustness of data collected minimizing chances of errors (Reynolds and Diamontopoulos, 1998). Use of multiple methods of data collection (primary data, semi-structured interviews, observation, secondary data) and multiple methods of cross validation (including a panel of experts) increased the cross-cultural methodology robustness (Samiee and Athanassiou, 1998). In larger companies (200+ employees), an effort was made to get more than one interview, preferably with another TMT member. This helped cross verification and gave multiple perspectives across and down the lines (Hambrick, Cho and Chen, 1996; Boyd, Dess and Rasheed, 1993).

ANALYSIS

The 20 case studies were diverse and varied. Though 3 Indian companies had common majority stakeholders (Company E, G and F), they formed some of the richest and most diverse case studies. The experiences in India on data collection were by no means applicable in Taiwan. Another problem with Taiwan case studies was the lack of large amount of secondary data available. Where possible, through scanning the Internet sites of government approved trading lists of companies, some secondary data were collected. Further, the interpretation by the respondents often does not correlate exactly with secondary sources, which the researcher must interpret to the best of ones ability. This may cause distortion of data. There are also two levels of abstraction involved – the case writer must interpret the situation and then interpret the written case study. In the case of the panel of experts, there is a third distortion. Hence it was necessary to crosscheck data to look for anomalies.

There are four phases in the analysis – individual case study analysis, cross analysis, qualitative analysis and quantitative analysis (which will not be discussed here). In the Individual case study analysis, the primary objective was to evaluate MO. This needed to be done qualitatively and replicated across the sample.

Analysis: Market Orientation and Transition States

(A): Survival

From the review of the theory we notice that MO leads to higher survival rate, hence organizations are arranged in descending order, with the longest surviving companies heading the list. But mere survival need not be a display of MO. A company with higher MO can lose sight of this asset with time and stop investing in CRO. Thus it becomes necessary to examine which company displays MO rewards in all organizational aspects – financial results, adaptation and culture. Some of the longer surviving companies, like Company G, which was notionally profitable and Company N which had tremendous market share and was selling all its produced output; were still running losses and had filed for bankruptcy (BIFR). Hence we can infer that MO need not be related only to survival.

(B). Profitability

A long surviving company must have a reasonably healthy bottom line by logic. If it has developed MO, it would weather change in the environment successfully. Companies that survive but are constantly making losses are not MO oriented. Company turnover was also looked at. A company with profitability above the industry average indicates a healthy MO as long as it has not constantly built up too much reserve. Companies that are profitable but also have high reserves may not be putting enough money into the market for development. Hence this is the second verification criterion.

When applied to case studies, it was found that survival need not equate with a healthy bottom line. Two such companies are facing oblivion. Hence they are moved to the bottom of the ranking order. Company I was just breaking even after a year of losses, in which it failed to take the changing global economy in its stride. However in this case, the whole industry was caught unprepared. It is currently in the process of reorganization, and as it has a long-term survival, enough reserves and shows its adaptability, we will reconsider its current profitability in the order of ranking. Two large Indian companies Company F and E had reserves too high for the industry average. It is seen in these companies, that the shareholder returns are constantly high and rarely reflect industry conditions or profitability. Ideally both these companies should be moved down, but they are given the benefit of doubt and will see if they can stand the test of the next parameter. In case there is a marginal difference in turnover and profitability in line with the industry, the organization with a longer survival will be ascribed a higher level of MO. Hence it can be inferred that turnover and profits need not necessarily equate with adaptability or proactiveness which is a benefit of MO.

(C): Customer/Market Share

Market Oriented organizations must have sufficient goodwill (brand or corporate). This is reflected in their market share and their customer business. Organizations were assessed on the basis of their market share and the competitiveness of their industry. Do they conduct formal or informal market research on their customers and competitors? Do they have an informal or formal database of both their intermediate and final customers? How is this information used? The answers to these queries should indicate the extent of planned repeat business as satisfied customers will come back for more. In large organizations with extensive distribution, market share is a better indicator of repeat business coupled with goodwill and profitability.

Company M, a well established Indian company has a high rapport with their distribution channel from its days as a trading firm and has also developed consumer rapport through its brands. Company E, G and F belong to an Indian conglomerate of family companies. They were considered pioneers and have a history of 100 year of existence. These companies by association with the family brand name have tremendous goodwill. Company N exists in a monopolistic environment and is facing constant losses with no additional funds for restructuring (the cost of which is unaffordable). Company J has found itself on the wrong side of tobacco regulations and is facing oblivion, as it has been unable to lobby the government for its own benefit. It has filed for BIFR and finds itself at the bottom of the list. This is because customer loyalty (distribution and end consumer) to this organization is very low as it sells as a commodity product. This kind of data is used to rearrange the organizations based on their relative MO levels. Hence it can be inferred that good will and market share need not necessary equate with proactiveness and organizational strategy.

(D): Organization Adaptation

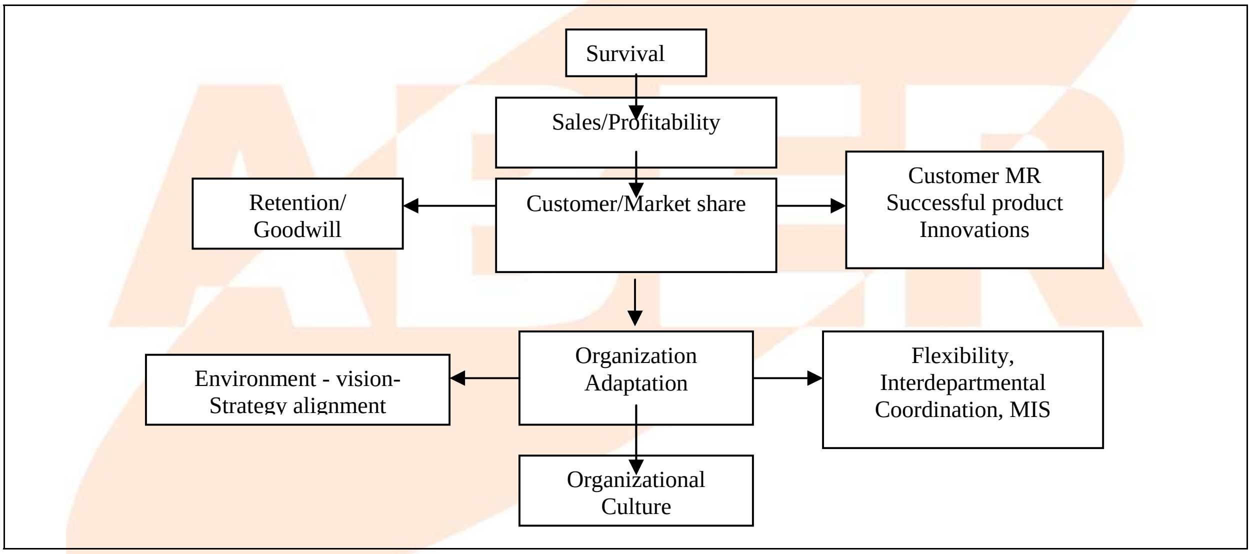
The third criteria of results is applied – that of organizational adaptation. This can manifest itself as in flexibility, response time, strategic maneuvering and search for new opportunities. Organizational Adaptation in Market oriented companies has four parameters to look at. The first parameter is whether the company has a clear vision-strategy-environment alignment. This would lead to the second parameter, which is a built-in flexibility. Most entrepreneurial firms do have high flexibility, as their organizational structures are lean. In these cases, we also see how much flexibility they offer to their customers in terms of service and product. Here a distinction is made between flexibility due to their reaction to changes versus flexibility through planned changes to achieve a certain end result. The third parameter is interdepartmental coordination – how much do each departments know about other departments, do they help each other attain common goals or is there infighting between departments? Within entrepreneurial firms we look at whether each employee has clearly defined roles and responsibilities and are able to take decisions within their assigned roles and responsibilities. Lastly a MO firm has a clear market intelligence management system. This is not only the collection of information, but also its ability to translate relevant pieces of intelligence to actionable information and pass it on to people with authority who can take decisions to adapt and align the organization as necessary.

It is interesting to note that the high turnover companies like Company F and G are pushed down on the MO scale because they have problems with all 4 parameters. Companies like Company A moved up in the scale as they have clearly defined roles and responsibilities, more interdepartmental coordination, greater flexibility and they actually spent time and effort in management information systems (MIS). These companies work with customers and suppliers to achieve their goals.

(E): Organization Culture

The last factor by which we qualitatively judged MO is based on their organizational culture. But MO is strongly associated with a learning organization, which takes a long time to develop hence the last criteria applied to organizations is of healthier organizational processes: in terms of employee attitudes and commitment, inspired employees, team spirit, intelligence management and, interdepartmental coordination and communications. There are 3 basic parameters. The first one is the extent to which an organization leans towards a Learning Organization. The next is based on whether the organization encourages entrepreneurship among the employees – that is risk taking without fear of punishment. And last is based on the healthy climate of the organization – its rewards in line with performance and its communication channels (horizontal and vertical) open, the level of conflict, the team spirit among the employees and their morale. From the results of MO, it is possible to visualize a cascading effect that occurs the longer MO is in place. Figure 2 shows the MO-results cascade.

Figure 2: MO-results Cascade



The 20 case studies were qualitatively assessed against the above parameters to get a relative idea of their MO. Parameters within each cascade are ranked by simple qualitative judgment as: **h**(high); **h-m** (high-medium); **m** (medium); **m-l** (medium-low) and **l** (low). In the case of Organizational Adaptation (column 4) and Organizational Culture (column 5) where there are several sub-factors taken into consideration, firms are ranked according to the larger number of highs (**h**) and high-mediums (**h-m**) they scored, followed by those with higher number of Mediums (**m**)s (if there is no parameter ranked High (**h**)) and so on to Lows (**l**). It is observed that the relative MO ranking does not change significantly and the same companies remain at the bottom.

The final rankings based on the assessment of each case are presented for each parameter in Table 3. From left to right, the parameter shows an increasing order of MO and for each parameter, organizations are ranked in the decreasing order of MO in each column. It is observed that the rankings change as each parameter in the cascade is applied though there is greater stability as adaptability and finally culture is applied.

Analysis: Market Orientation and Customer Relationship Orientation

Next, we analyze the case study companies with respect to their CRO. We first examine the kind of relationship the organization has developed with the past and present customers and the effort that is being made to develop a lasting or new relationship with the future customers. A qualitative scale of **h (high)**, **m (medium)** and **l (low)** is used to indicate the emphasis a company gives on developing a relationship with its past, present and future customers (See Table 4). Those companies that rely heavily on past customers have more than 80% of their sales dependent on those customers and have a shrinking customer base. Very often their relationship with these customers is based on personal relationships. Companies that focus on present customers will normally also have a high emphasis on past customers unless their focus is very short-term oriented. In that case they will have a higher percentage of their business dependent on one-time customers and they will rarely follow-up on these customers. Companies that focus on primarily past and present customers have a higher proportion of their business dependent on repeat business and run a greater risk of loss, especially if under any circumstance they lose these customers. Organizations lost customers through market conditions (financial, political and social), customer evolving or other uncontrollable factors (country coup, changing economic conditions, riots, security issues). Organizations that have a high emphasis on past, present and future customers maintain their relationship with the present customers and at the same time they make efforts to build or maintain a relationship with future customers. Such organizations are more market oriented. They use past and present databases of customers to understand their future customers and help the present customers through that transition state that links the present with the future. Future customer development is evaluated looking at market research, finding potential new customers through new market development, or new product development and amount of resources allocated for these activities.

FINDINGS

MO transitional levels

It can be seen from Table 3 that the most market-oriented companies also embrace MO in their processes or strategies and culture. Some companies (Company F and I) use MO in their strategies but do not realize the full potential of MO in their culture. Some companies like Company M, G and H use MO in their culture, and also use MO principles in their organizational strategies and processes. It is part of their organizational philosophy, which the whole organization prescribes to and is not just a statement in their business plans, Annual Reports and presentations.

Company F and its subsidies ascribe to customer relationship development as part of their philosophy and use it as a strategy, however it is not embraced as a culture throughout the entire organization. The TMT is more turnover driven, and will overlook conflict in the field and poor customer policies in the effort to chase numbers. They manage high sales due to the goodwill the company generated in the past and the goodwill from the parent company. Though at times service is excellent and so is the sales relationship skills, often the organizational response is to correct a difficult situation that occurred than to be more proactive to prevent that situation from occurring. Further, MO does not extend to all areas of adaptation. Interdepartmental coordination is very low with many areas of conflict where common customers had to contact several departments for information and service instead of one place in the company. The lack of MO is also seen in intelligence management. Lots of information is gathered from the field but that information is not translated into timely intelligence that can be reviewed and acted on or even shared between subsidiaries. Most of the data is linked to sales numbers and are reported only on sales closing dates. Though with respect to the environment, adaptation responses may be quick, it is seen that these organizations use reactive strategies and not proactive ones. MO ideally increases the proactive strategies of an organization, making it unnecessary for an organization to wait for things to happen.

With regards to culture, a healthy environment is the last and greatest reward of a well-planned market oriented company. There should be great team spirit from top to bottom. However, in some case study organizations, camaraderie is often found only on the top management or in rare cases in the bottom, but for MO to be prevalent it should stretch from top to bottom and across divisions. This interaction is also a function of inter-functional coordination, and is lacking in some companies. This increases conflict levels, prevents coordination and intelligence sharing, and delays response mechanisms. A lack of top to bottom team spirit heightens insecurity and makes goals and objectives less transparent. In a few organizations, learning, entrepreneurial and innovative environments are seen where risk taking is encouraged. Feedback from the market is quickly imbibed in the system to correct and alter courses chosen and the entire organization is secure enough to learn from their mistakes. There are some areas that intersect with each other and the boundaries between culture strategy and philosophy are not cut and dried. But looking at the horizontal movement of the relative MO rankings in Table 3, we find organizations that are most market oriented embrace MO through all states – Customer Philosophy , Organizational Processes (strategies) and Culture. Hence, it is seen that the companies that embrace MO through a customer relationship orientation, transition through three states: using MO as a philosophy, then as a strategy and finally an organization-wide acceptance as a culture. Each has several parameters and a company will embrace all (albeit different levels) and this will determine its MO levels.

Conclusion: It can be concluded that the case study data support Inference 1: MO grows when a company passes through the following transitional phases. First the company embraces it as a philosophy, then implements it as a strategy and finally adopts it as a company-wide culture.

Market Orientation and Customer Relationship Orientation

If we compare MO as determined in Table 3 with CRO in Table 4, we see that companies with higher MO also have developed a higher CRO. Form this we can infer that organizations must balance their customer mix. Company L which focuses strongly on past and present has a low focus on future and this has affected MO. Company O seems to be the exception and this could be explained by the fact that this is a Prospector type of company and enough data across timelines with its customer base is not available.

Conclusion: The available data support the inference that MO is actually a measure of CRO.

Conclusion, Contributions and Future Research Areas

There are several new findings from this study that adds not only to the further development of theoretical knowledge but allows organizations to practically apply the knowledge to improve their performance in the market place. The first important finding is that market orientation is actually a measure of the extent to which an organization embraces customer relationship orientation (CRO) in its philosophy, strategy and culture. Customer Relationship Orientation has been defined as the ability of an organization to develop, maintain and build a relationship with the customer (end and intermediate) through which the organization achieves its business goals, ensures its survival and also builds itself through its resources, by fostering relevant relationships with its stakeholders. Results show that only those organizations that embrace MO in their philosophy, strategy and culture, achieve the highest levels of MO and reap its benefits. A simple framework has been presented to that effect.

An important fact gleaned from this section is that MO is dependent on the CRO an organization develops with its past, present and future customers. Hence relationships plays a vital role. Organizations that embrace all three types of customers have a higher MO than those organizations that focus on just one type of customer. However we see that those organizations that focused on the past customer and use them as a basis for their current and future strategies are able to still reap the rewards of a MO.

This paper uses logical reasoning while analyzing qualitative data. This actually allows organizations to track changes in their organizations during change. However it means that MO will be a relative measure and cannot be absolute. Future areas of research will be to actually further explore the factors that affect CRO and methods to calculate MO using CRO as a focus. Another area where little work has been done is to look at the effect market orientation actually has on strategies. The next step should be to empirically test these results. Though market orientation has been around for some time, the challenge is to keep building on the existing new contributions of theory and findings to increase practical applicability in a globalized business world.

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TABLES

Table 1 : Benefits of Investing in Market Orientation

Benefit	Study
I. Organizational Performance (Business)	
Revenue	Kumar et al (1998)
Profitability	Vohries et al (1999); Ngai and Ellis (1998)
ROA/ROE/ROI/ROCE	Kumar et al (1998); Pitt et al (1996)
Controlling Expenses	Kumar et al (1998)
Acheivement of Company Objectives	Avlonitis and Gounaris (1997)
Overall (financial) performance/ success	Green et al (2005); Homburg and Pflesser (2000)
II. Organizational Performance (Market)	
Marketshare	Doyle and Wong (1998); Ngai et Ellis (1998)
Sales Growth/relative growth	Vohries et al (1999) ; Ngai et Ellis (1998); Pitt et al (1996)
New product success	Ramaseshan et al (2002); Kumar et al (1998)
Product Quality	Pelham and Wilson (1996)
Successful Product Innovation	Matear et al (2002); Vohries et al (1999)
Branding Policies	Doyle and Wong (1998)
Pricing	Vohries et al (1999)
Service Quality	Chang and Chen (1998)
Promotional abilities	Vohries et al (1999)
Overall market performance	Green et al (2005); Matear et al (2002); Akimova (2000)
III. Organizational Performance (Strategy)	
Resource Management	Lai et al (1992)
Proactiveness	Morgan and Strong (1998); Lai et al (1992);
Analysis	Morgan and Strong (1998)
Futurity	Morgan and Strong (1998)
Adaptability	Akimova (2000)
Survival	Akimova (2000)
Greater ability to search for new opportunities	Day (1998); Doyle and Wong, (1998)
Intelligence management	Doyle and Wong (1998)
Market Research	Vohries et al (1999)
IV. Stakeholder Performance	
A. Customers	
Customer Orientation	Kumar et al (1998); Siguaw et al (1994):
Customer retention	Narver and Slater (1990)
Customer Satisfaction	Vohries et al (1999)
Subjective Impressions	Pitt et al (1996)
Stronger channel alliances	Siguaw et al (1998)
Channel adaptability	Vohries et al (1999)

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Table 1: Benefits of Market Orientation (continued)

V. Employees (Organizational Culture)	
Organizational Commitment and employee attitude	Siguaw et al (1994); Jaworski and Kohli (1993)
TMT Cohesiveness	Van Egeren and O'Connor (1998)
Salesperson orientation to customer	Siguaw et al (1994)
Job satisfaction	Siguaw et al (1994)
Trust in management	Reukert (1992)
Inspiring employees/team spirit	Doyle and Wong (1998); Jaworski and Kohli (1993)
Interdeptmental coordination and communication	Doyle and Wong (1998)
VI. Competition	
Company performance vs Competitor	Avlonitis and Gounaris (1997)
Competitive Advantage	Akimova (2000)

Table 2: Case Study Sample Compositions

Sample Details	Taiwan	India
Companies Contacted	13	15
Companies Participated	12	8
Export-oriented	10	7
Financially Insolvent	0	3
Industries represented	IT products, textiles – design and material sourcing, diamond/gems, novelty products; one was a service industry (private entrepreneurial Indian managed firms)	FMCG, Commodity product company, Consumer durable industry, Industrial products, paints, textile, tobacco and diamond industry (protected, government regulated and competitive sectors)
Minimum Turnover	USD 12 Mn	USD 10 Mn
Maximum Turnover	USD 30 Mn	USD 500 Mn
Size of Organization	10-50 people	1000-3500 people

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Table 3: Relative MO based on MO consequences (descending order of MO)

Parameter	*Case Study Company (Disguised)*																			
Survival	F	G	I	J	M	N	D	L	E	A	C	R	T	K	P	H	O	Q	S	B
Survival vs Sales/Profitablity	D	H	G	M	F	E	T	I	O	R	P	L	C	K	A	S	Q	B	N	J
Sales and Customer Business/ Goodwill	M	D	G	F	E	H	T	I	O	R	P	L	C	A	K	S	Q	B	N	J
Organizational Adaptation	M	D	T	P	H	E	R	A	G	L	O	S	I	F	C	K	Q	B	N	J
Organizational Culture	M	D	H	T	P	A	E	R	O	G	S	L	I	F	K	C	Q	B	N	J

Case study companies are represented by upper case Alphabets A to T

Table 4: Comparison of MO and CRO

Parameter	*Case Study Company (Disguised)*																			
MO at the Organizational Culture level	M	D	H	T	P	A	E	R	O	G	S	L	I	F	K	C	Q	B	N	J
MO – CRO Past	h	h	h	h	h	h	h	h	m	h	h	vh	h	h	m	m	m	l	m	l
MO-CRO Present	h	h	vh	h	h	h	h	h	m	m	m	h	m	m	m	m	m	m	m	l
MO-CRO Future	h	h	m	h	m	m	m	m	h	m	m	ml	m	l	l	m	l	l	l	l

Case study companies are represented by upper case Alphabets A to T
Qualitative Assessment: vh = very high; h = high; m = medium; l = low