

WestminsterResearch

<http://www.westminster.ac.uk/westminsterresearch>

**The Market Orientation and Customer Orientation Continuum: A
Literature Review for Service Marketing**

Morales, J. and Ruiz-Alba, J.

An author version of a paper presented at XXXIII AEDEM Annual Meeting, Seville, 05 - 07 Jun 2019.

The WestminsterResearch online digital archive at the University of Westminster aims to make the research output of the University available to a wider audience. Copyright and Moral Rights remain with the authors and/or copyright owners.

Whilst further distribution of specific materials from within this archive is forbidden, you may freely distribute the URL of WestminsterResearch: (<http://westminsterresearch.wmin.ac.uk/>).

In case of abuse or copyright appearing without permission e-mail repository@westminster.ac.uk

The Market Orientation and Customer Orientation Continuum: A Literature Review for Service Marketing

Morales Mediano, Javier
Universidad Pontificia Comillas - ICADE, Madrid, Spain
jmorales@comillas.edu

Ruiz-Alba, José L.
University of Westminster, London, UK

ABSTRACT

The purpose of this study is to disclose a drawback in the literature of the constructs of market orientation (MO) and customer orientation (CO). This flaw is indeed the lack of a systematic literature review of both concepts. This literature review should serve not only to collect all the literature regarding both constructs, but also to identify and classify the different relationships between MO and CO suggested by academics.

The methodology is therefore divided in two, a first stage where a systematic literature review is conducted and a second stage where each study would be classified according to their positioning relative to the MO-CO relationship.

The preliminary results suggest that there are three research streams regarding the MO-CO relationship: (1) MO and CO are analogous, (2) CO is part of MO, and (3) MO and CO are independent constructs. This conclusion must still be confirmed with the systematic literature review and used to catalogue the eventually collected studies.

A key contribution of this research is to help academics to have access to the main literature about MO and CO and provide them with an adequate reference to frame their studies in one of the three research streams that have been identified. A potential contribution for professionals is the synthesis of several theories regarding MO and CO that could facilitate their implementation in companies and eventually improve their performance.

KEY WORDS: Market orientation; customer orientation; literature review; COSE; service marketing.

INTRODUCTION

Market orientation (MO) and customer orientation (CO) are two well-known constructs in the marketing literature in general (Kohli and Jaworski, 1990; Narver and Slater, 1990; Saxe and Weitz, 1982; Deshpandé et al., 1993), and in services marketing in particular (Kelley, 1992; Brady and Cronin, 2001; Hennig-Thurau and Thurau, 2003).

According to Rodriguez Cano et al. (2004), there is an enormous quantity of studies dedicated to these constructs due to their relevance for the marketing concept and their capacity to predict business performance. Unfortunately, the more studies are published the more different positionings appear regarding the relationship of both. This makes the approach to any of these constructs very complex and discouraging.

To the best of our knowledge, no authors have taken time to collect, study and arrange the huge available literature regarding MO and CO. This is the aim of the preliminary literature review presented in this study. However, because of the particularities of both constructs and their interconnections, the literature review should aim not only to collect everything that has been written to the date about MO and CO, but also to investigate the different approaches to the relationships between MO and CO.

PRELIMINARY LITERATURE REVIEW

Market orientation

There is the general agreement in the literature that MO is a necessary means for the implementation of the marketing concept (Gray and Hooley, 2002). Indeed, the term of MO and how to implement it was already mentioned by the middle of the last century (Keith, 1960). However, it was not until the last decade of the twentieth century that relevant MO research and a theory was published. Kohli and Jaworski (1990) stated that the implementation of the marketing concept underpinned by a sufficient framework had not been adequately addressed.

They defined MO as the "implementation of the marketing concept" and therefore described a market-oriented organisation as "one whose actions are consistent with the marketing concept" (Kohli and Jaworski, 1990, p. 1), and identified the three elements that support MO: market intelligence, intelligence dissemination and responsiveness to market intelligence.

Simultaneously, Narver and Slater (1990) developed an empirical approach to MO by measuring its effect on business profitability. According to them, MO is the company culture that has three behavioural components: customer orientation, competitor orientation, and interfunctional coordination. They also demonstrated that profitability is determined by the level of MO.

This connection was also demonstrated by Jaworski and Kohli (1993) who concluded that the MO of a company has a significant impact on its performance, in spite of any exogenous factors like competition, market context or technological changes. Yet despite that similarity in the outcomes of the company MO, it is important to point out that the approach of Narver and Slater was different to that followed by Kohli and Jaworski (1990), with regards to one significant aspect. MO was considered to be a behaviour that emanates from organisational culture, thus, MO was not considered to be a cultural aspect itself (Slater and Narver, 2000).

Customer orientation

Even prior to the development of the concept of MO in 1990 as presented above, CO was already identified as a key factor in the marketing field and was measured empirically in sales teams from different retail, industrial, and service companies (Saxe and Weitz, 1982). CO was then defined as the practice of the marketing concept at the employee level. Its importance emerges from the difficult challenge that implied its conceptualisation and the further development of a measurement instrument with the aim of assessing and evaluating the construct, and eventually, its impact on business success. This justifies why a selected group of distinguished scholars have profusely studied CO, with particular interest on the service sector (Kelley, 1992; Brown et al., 2002; Donovan et al., 2004; Ifie, 2014).

On the one hand, many of these studies have proposed a new CO model and a corresponding measurement scale, with, in most of the cases, a series of consequences, like business performance (Deshpandé et al., 1993), customer satisfaction (Hennig-Thurau, 2004), customer value (Blocker et al., 2011), or customer-oriented deviance (Leo and Russell-Bennett, 2014), to name but a few. Surprisingly, many of these new configurations of the construct of CO did not clearly state its relationship with the construct of MO. This situation calls into question the adequacy of the model in case new authors would dare to use them.

On the other hand, other authors limited their work to use previously proposed models to reformulate the construct (Thomas et al., 2001), reinterpret them (Morales Mediano and Ruiz-Alba, 2018) or simply apply CO measurement scales in new settings or to explore new

consequences (Bejou et al., 1998; Ifie, 2014). This approach diminished their contributions, however confirmed the interest of the academia for the construct.

These two circumstances; (1) the lack of a clear statement of the MO-CO relationship and (2) the remarkable interest of the construct within the academia prove the need for a definitive literature review of the topic.

THE MO AND CO CONTINUUM

Despite the high acceptance of both MO and CO constructs, Shapiro (1988) expressed his consternation at the vague differentiation that academic literature had made up until then between MO and CO. Unfortunately, such differentiation has not been sufficiently discussed in the literature yet, and there is limited consensus in terms of an interpretation of the constructs (Hennig-Thurau and Thurau, 2003). For instance, Homburg et al. (2011) grouped the positions into two; (1) those that consider CO as part of MO at the company level, and (2) those that consider CO as an independent and employee-level construct. However, that differentiation is imprecise, as there are actually three different research streams that treat the relationship between both constructs differently:

- CO and MO are analogous terms for the same construct. This conception is assumed by Shapiro (1988), Kohli and Jaworski (1990), and Deshpandé, Farley and Webster (1993).
“We see customer and market orientations as being synonymous” (Deshpandé, Farley and Webster, 1993, p. 27).
- CO is a component of MO (Narver and Slater, 1990; Siguaw et al., 1994; Chang and Chen, 1998).
“The components indicated in the market orientation scale represent the instruments with which salespeople are equipped to use customer orientation” (Siguaw et al., 1994, p. 107).
Furthermore, a few authors give explicit priority, theoretically (Peters and Austin, 1985) and empirically (Siguaw and Diamantopoulos, 1995; Polo Peña et al., 2015) to CO –over MO– considering the former to be of vital importance in the most successful companies, particularly those operating in the service sector.
- CO is different to MO, particularly in the service sector. The differences are twofold; (1) CO is a behavioural concept, whereas MO can be cultural or behavioural, depending on the author, and (2) CO is at the individual level, while MO is at the

organisational level. This position is endorsed by Kelley (1992), Hoffman and Ingram (1992), Brown et al. (2002), Hennig-Thurau and Thurau (2003), Donovan et al. (2004), and Yoo and Arnold (2014).

“Researchers working at the organisation level have identified several organisational outcomes of market orientation... However, our research [about customer orientation] addresses how the marketing concept is implemented at the level of the individual [service] worker.” (Donovan et al., 2004, p. 128).

Table 1 shows a summary of the three research streams identified:

TABLE 1. *MO/CO research streams*

Research stream	Main aspects	Examples of authors
MO and CO are synonyms.	<ul style="list-style-type: none"> – MO and CO are the same, and therefore, both terms are interchangeable. – They do not refer to a behavioural construct of the employee but to an organisational construct related to the culture and beliefs. 	Shapiro (1988) Kohli and Jaworski (1990) Deshpandé <i>et al.</i> (1993)
CO is part of MO.	<ul style="list-style-type: none"> – CO is a behavioural construct but part of MO which has an organisational scope. – MO influences the customer-oriented behaviour. 	Narver and Slater (1990) Deng and Dart (1994) Siguaw <i>et al.</i> (1994) Chang and Chen (1998)
CO and MO are independent.	<ul style="list-style-type: none"> – CO is always a behavioural construct at the employee level. – Therefore, it is possible that companies with low level of MO have employees with high level of CO, and the other way around. 	Kelley (1992) Hoffman and Ingram (1992) Brown <i>et al.</i> (2002) Hennig-Thurau and Thurau (2003) Donovan <i>et al.</i> (2004)

Source: Author’s own research.

Review proposals

As this study has presented, the dispute between MO and CO is a constant in the literature and theoretical debate, and one cannot say that it has been solved. This is the reason why researchers should take

a stance themselves in order to conduct their studies adequately, and hence, having the three research streams clearly differentiated should be a starting point. Therefore, the critical review of the three research streams presented above should be further developed.

Review proposal 1: To systematically explore and identify the literature pertaining to each of the three research streams identified, highlighting the differences and commonalities.

Similar to MO, the construct of CO has received diverse interpretations and measurement models. This wide variety of models makes it necessary to review and discuss the main, and more prolific, conceptualisations that have been published by scholars so far.

Review proposal 2: To critically review the main CO conceptualisations for services, classifying them in one of the three research streams presented before and indicating their main advantages as well as their level of acceptance amongst academics.

POTENTIAL CONTRIBUTIONS

With this review of the scientific literature we expect to contribute to the advance of the field of services marketing with the following:

1. Critical revision and discussion about the current state of knowledge regarding the differentiation between MO and CO. This should help academics to better understand a topic of interest such as MO and CO.
2. The identification and detailed explanation of the three research streams involving MO and CO. This contribution would guide academics in selecting the ideal research stream that better fits their future studies.
3. Provide an exhaustive review of the published research regarding CO in service companies claiming to measure the construct. Consequently, models lacking originality, with limited impact or not sufficiently adequate for the service context will be discarded, and the most appropriate model according to these criteria will be identified and classified according to one of the three research streams about MO and CO.

We also expect to help practitioners to facilitate their access to the different theories regarding MO and CO and therefore to ease their practical application. This application would ultimately help companies to improve their performance (Jaworski and Kohli, 1993; Deshpandé et al., 1993), profitability (Narver and Slater, 1990; Chang and Chen, 1998), and other customer-related outcomes (Hennig-Thurau, 2004; Morales Mediano and Ruiz-Alba, 2008).

REFERENCES

- Bejou, D.; Ennew, C. T.; Palmer, A. (1998) : "Trust, ethics and relationship satisfaction", *The International Journal of Bank Marketing*, Vol. 16, No. 4, pp. 170–175.
- Blocker, C. P.; Flint, D. J.; Myers, M. B., Slater, S. F. (2011): "Proactive customer orientation and its role for creating customer value in global markets", *Journal of the Academy of Marketing Science*, Vol. 39, No. 2, pp 216–233.
- Brady, M. K.; Cronin Jr, J. J. (2001): "Customer orientation: Effects on customer service perceptions and outcome behaviors", *Journal of Service Research*, Vol. 3, No. 3, pp. 241–251.
- Brown, T. J.; Mowen, J. C.; Donovan, D. T.; Licata, J. W. (2002): "The customer orientation of service workers: Personality trait effects on self- and supervisor performance ratio", *Journal of Marketing Research*, Vol. 39, No. 1, pp. 110–119.
- Chang, TZ.; Chen, SJ. (1998): "Market orientation, service quality and business profitability: a conceptual model and empirical evidence", *Journal of Services Marketing*, Vol. 12, No. 4, pp. 246–264.
- Deng, S.; Dart, J. (1994): "Measuring market orientation: a multi-factor, multi-item approach", *Journal of Marketing Management*, Vol. 10, No. 8, pp. 725–742.
- Deshpandé, R.; Farley, J.U.; Webster, F.E., Jr. (1993): "Corporate culture, customer orientation, and innovativeness in Japanese firms: A quadrad analysis", *Journal of Marketing*, Vol. 57, No. 1, pp. 23–27.
- Donavan, D.T.; Brown, T.J.; Mowen, J.C. (2004): "Internal Benefits of Service-Worker Customer Orientation: Job Satisfaction, Commitment, and Organizational Citizenship Behaviors", *Journal of Marketing*, Vol. 68, No. 1, pp. 128–146.
- Gray, B.J.; Hooley, G.J. (2002): "Market orientation and service firm performance", *European Journal of Marketing*, Vol. 36, No. 9/10, pp. 980–988.
- Hennig-Thurau, T. (2004): "Customer orientation of service employees: Its impact on customer satisfaction, commitment and retention", *International Journal of Service Industry Management*, Vol. 15 No. 5, pp. 460–478.
- Hennig-Thurau, T.; Thurau, C. (2003): "Customer orientation of service employees–Toward a conceptual framework of a key relationship marketing construct", *Journal of Relationship Marketing*, Vol. 2, No. 3, pp. 23–41.
- Hoffman, K. D.; Ingram, T. N. (1992): "Service provider job satisfaction and customer-oriented performance", *Journal of Services Marketing*, Vol. 6, No. 2, pp. 68–78.
- Homburg, C.; Müller, M.; Klarmann, M. (2011): "When should the customer really be king? On the optimum level of salesperson

- customer orientation in sales encounters", *Journal of Marketing*, Vol. 75, No. 2, pp. 55–74.
- Ifie, K. (2014): "Customer orientation of frontline employees and organizational commitment", *The Service Industries Journal*, Vol. 24, No. 8, pp. 699–714.
- Jaworski, B.J.; Kohli, A.K. (1993): "Market orientation: Antecedents and consequences", *Journal of Marketing*, Vol. 57, No. 7, pp. 53–70.
- Keith, R.J. (1960): "The marketing revolution", *Journal of Marketing*, Vol. 24, No. 3, pp. 35–38.
- Kelley, S.W. (1992): "Developing customer orientation among service employees", *Journal of the Academy of Marketing Science*, Vol. 20, No. 1, pp. 27–36.
- Kohli, A.K.; Jaworski, B.J. (1990): "Market orientation: The construct, research propositions and management implications", *Journal of Marketing*, Vol. 54, No. 2, pp. 1–18.
- Leo, C.; Russell-Bennett, R. (2014): "Developing a multidimensional scale of customer-oriented deviance", *Journal of Business Research*, Vol. 67, No. 6, pp. 1218–1225.
- Morales Mediano, J.; Ruiz-Alba, J. L. (2018): "New perspective on Customer Orientation of Service Employees: A conceptual framework", *The Service Industries Journal*, <https://doi.org/10.1080/02642069.2018.1455830>.
- Narver, J.C.; Slater, S.F. (1990): "The effect of a market orientation on business profitability", *Journal of Marketing*, Vol. 54, No. 4, pp. 20–35.
- Peters, T. J.; Austin, N. (1985): *A passion for excellence*. New York: Random House.
- Polo Peña, A. I.; Frías Jamilena, D. M.; Castañeda García, J. A. (2015): "Market orientation and business results among small-scale service firms", *Academia Revista Latinoamericana de Administración*, Vol. 28, No. 1, pp. 135–166.
- Rodriguez Cano, C.; Carrillat, F. A.; Jaramillo, F. (2004): "A meta-analysis of the relationship between market orientation and business performance: evidence from five continents", *International Journal of Research in Marketing*, Vol. 21, No. 2, pp 179–200.
- Saxe, R.; Weitz, B.A. (1982): "The SOCO scale: A measure of the customer orientations of salespeople", *Journal of Marketing Research*, Vol. 19, No. 3, pp. 343–351.
- Shapiro, B.P. (1988): "What the hell is 'market oriented'?", *Harvard Business Review*, Vol. 66, No. 6, pp. 119–125.
- Slater, S.F.; Narver, J.C. (2000): "The positive effect of a market orientation on business profitability: A balanced replication", *Journal of Business Research*, Vol. 48, No. 1, pp. 69–73.
- Siguaw, J. A.; Brown, G.; Widing, R. E., II (1994): "The influence of the market orientation of the firm on sales force behaviour and attitudes", *Journal of Marketing Research*, Vol. 31, No.1, pp. 106–116.

- Siguaw, J. A.; Diamantopoulos, A. (1995): "Measuring market orientation: some evidence on Narver and Slater's three-component scale", *Journal of Strategic Marketing*, Vol. 3, No. 2, pp. 77-88.
- Thomas, R. W.; Soutar, G. N.; Ryan, M. M. (2001): "The selling orientation-customer orientation (S.O.C.O.) scale: A proposed short form", *Journal of Personal Selling & Sales Management*, Vol. 21, No. 1, pp. 63-69.
- Yoo, J. J.; Arnold, T.J. (2014): "Customer orientation, engagement, and developing positive emotional labor", *The Service Industries Journal*, Vol. 34, No. 16, pp. 1272-1288.