WHAT IS A BUSINESS-TO-BUSINESS MARKET ORIENTATION?

GEOFFREY L. GORDON, Northern Illinois University
PETER F. KAMINSKI, Northern Illinois University
THOMAS M. ROGERS, Northern Illinois University

To-date, confusion still reigns regarding the precise meaning of the marketing concept, and of more strategic importance, the means by which it can be implemented into an organization's business practices. Such vague terms as "fulfilling wants and needs" and "solving customer problems" provide general guidelines but little specifics as to how the concept can be strategically utilized. This article provides a conceptual definition of a market orientation appropriate to the study of and use by business-to-business marketers. A primary focus is placed on the importance of marketing products which create customer value. Integrating and building upon past research efforts, propositions, appropriate for use in evaluating and measuring an organization's degree or lack of a market orientation, are developed. The linkage between an organization's possession of a strong market orientation and its ability to successfully develop and market new products is then explored.

INTRODUCTION

The marketing concept, in one form or another, can be traced back to the earliest merchants. Yet, even today, disagreement exists regarding the true meaning of the concept, the degree of commitment exhibited to it by marketers, and the most effective means by which it can be implemented. A review of the literature serves to point out the many difficulties in ascertaining specifically what is meant by "practicing the marketing concept" and "possessing a market orientation." Vague terms, such as "fulfilling needs and wants" and "solving customer problems" may provide general guidelines but suggest few specifics on how a firm can best accomplish the goal of being customer responsive. Consequently, from the perspective of the business-to-business marketer, attempts at interpreting the true meaning of the marketing concept and of operationalizing the practice of a market orientation have proven to be difficult.

The purpose of this paper is to provide a conceptual definition of a market orientation appropriate to the study of business-to-business marketers. An emphasis is placed on integrating and building upon previous research to develop testable propositions appropriate for measuring a firm's degree of market orientation. Once accomplished, further relationships between firms possessing a market orientation and the tasks necessary to successfully develop and market new goods and services will be identified.

The Journal of Marketing Management
Volume 3, Issue 2, pages 56-66

PAST RESEARCH EFFORTS ON THE MARKETING CONCEPT

Most arguments, both pro and con, regarding the usefulness of the marketing concept as a guide in setting corporate direction center around the applicability of one of its basic tenets—developing and practicing a customer orientation. Thorough knowledge of the business customer obtained by understanding its needs, wants, and behaviors, and the subsequent development of goods and services based on such knowledge, is the underlying premise creating controversy (Bell and Emory 1971). Resistance to implementing the marketing concept is often based on the grounds that it is difficult to ascertain business customer needs and wants, that a concentration on developing products to meet such needs and wants may not always be in the firm's best long-term interest, and that the use of the customer as a guiding force in strategic plan development ignores other relevant factors (Kaldor 1971; Tauber 1975; Oxenfeldt and Moore 1978; Arndt 1980).

Critics of the concept base their arguments on an interpretation of the premise that takes into account only expressed and/or obvious (to the customer) needs and wants. In defense, supporters argue that customer input is only one means by which firms can gather relevant information necessary to develop products and carry out marketing programs which satisfy customers (Parasuraman 1981; Houston 1986). The root cause of the controversy can be traced back to the issue of who is in the best position to gauge customer needs and wants. Critics argue that often the customer is not in the best position to ascertain its own needs and wants (Kaldor 1971; Bennett and Cooper 1979, 1981; Riesz 1980). Proponents counter argue that the firm is not precluded from self-determination of customer needs and wants (Parasuraman 1981; Houston 1986; McGee and Spiro 1988). In essence, the term "needs and wants" is vague, carrying a purely subjective meaning depending upon the statement's source.

DEVELOPMENT OF A BUSINESS-TO-BUSINESS MARKET ORIENTATION

A solution to this controversy may be achieved through development of an alternative tenet to replace and augment the customer orientation focus currently found in most definitions of the marketing concept. Establishment of this tenet, which would not only encompass satisfying customer needs and wants, but would do so in a manner capable of providing practical guidance to both researchers and managers, is a desirable goal. Towards this end, the question of what is an intermediate customer (for business-to-business customers) needs and wants must be examined.

The overriding goal of for-profit organizations is to make profits. Indeed, the importance of profit making is one of the three original tenets of the marketing concept itself (Bell and Emory 1971). Yet, in developing goods and services, and the programs for marketing those goods and services, marketers tend to forget that the goal of all companies, not just the supplier, is to make a profit. Likewise, scholars sometimes tend to overlook this rudimentary premise as well. It is not unreasonable to suggest that intermediate customers are no different than their suppliers in their desire to make profits. Therefore, in order to satisfy an intermediate customer's needs and wants, companies must offer goods and services under conditions which aid the intermediate customer in making profits.

A Primary Emphasis on Profit Improvement

In order to aid intermediate customers in making these profits, companies must execute marketing activities and offer goods and services which add value to the customer's firm. Providing value means that companies offer products capable of improving customers' long-term and/or short-term operating results. Consistent with previous definitions of value, the current one focuses on customer gains in excess of the dollar amount paid (Fallon 1971; Forbis and Mehta 1981; Porter 1985). Value represents the tradeoff between the salient give-and-get components related to the firm's activities from the customer's perspective (Zeithaml 1988). Thus, there are only two ways a seller may create value for buyers—by increasing buyer benefits relative to buyer costs or by decreasing buyer costs relative to buyer benefits (Narver and Slater 1989).

"Providing value," places explicit emphasis on the importance of profit-improvement results derived by the customer as a consequence of purchase. This is not to suggest that customers are purely profit-driven in their purchase decisions. Rather, customer value creation in the form of profit improvement should be viewed as the primary goal of the marketer. Other means (not specifically related to profit improvement) of providing customer value should not be overlooked; rather, they should be utilized to reinforce and augment the profit-creation focus. Thus, the use of a value-creation focus provides more explicit direction to the marketer's efforts than use of a "needs and wants" approach.

Of primary importance to the seller is the realization that the evaluation of value will differ significantly among individual customers. Because value is highly subjective, a seller must identify and assess the relative importance of each element in its marketing strategy to each of its customers (Forbis and Mehta 1981). Although, as a practical matter, it might be impossible to determine the exact value of a firm's activities and product offerings to each and every customer, successful efforts may be undertaken to ascertain the approximate value for a majority of customers or for significant groups of customers. These efforts must include a thorough understanding of the specific components which add value to a customer's operations. In addition, the firm must be able to provide explicit evidence to the customer of their value-creating ability(ies) through documentation, demonstration, guaranties, and/or other means.

Benefits of a Value Creation Focus

A focus on customer value creation instead of on the "supposed" satisfying of customer needs and wants allows much of the controversy surrounding the marketing concept to disappear. By stating that a company's goal should be to "create value for the customer," instead of merely "satisfying needs and wants," both research and managerial attention become centered on the more pertinent issue of building long-term relationships beneficial to both the involved parties.

A value-creation focus resolves the dispute regarding whether customers can recognize their own needs and wants. Regardless of whether the buyer, seller, or any other entity supplies the information leading to value creation, both parties to the exchange process will be satisfied. By concentrating on value creation as the means of satisfying business customer needs and wants, a standard is established whereby both seller and buyer are on common ground regarding the primary intent of and the benefits to be derived from engaging in the exchange process.

Several other positive benefits result from an explicit seller focus on customer value creation. First, long overdue attention is given to the intermediate customer's end-customers. A primary means by which intermediate customers create value is through their own new goods and services development. Therefore, sellers must be cognizant of these end-customers' needs in developing value-creating products for the intermediate customer. Second, use of a value-creation approach allows a company's marketing efforts to be more objectively evaluated, independent of source. Buyer, seller, and researcher alike are able to arrive at similar evaluations of the success of a company's marketing activities through use of economic criteria (and other quantitative financial and marketing measures) when employing a value-creation focus. Third, a primary focus on value creation can only enhance the seller's communication of other benefits that their goods and services provide, as questions (from the customer's perspective) related to whether the purchase is economically justified have been satisfactorily answered. In essence, these non-profit related benefits derived from purchase serve as additional means for a selling organization to distance itself from the competition.

A Conceptual Definition

In sum, a value-creation focus leads to the formulation of a conceptual definition of a business-to-business market orientation, building upon Bell and Emory's (1971) research, which contains as its three underlying tenets:

1. A focus on customer value creation encompassing knowledge of the customer and the customer's activities and requiring a thorough understanding of the customer's value chain and the means by which customer value can be created.

2. An integrated effort among all functions within the selling firm towards creating value for the firm's customers. Integration of marketing, R&D, sales, manufacturing, finance, and other units directed toward improving the effectiveness of the firm's customer value-creating activities. Regardless of the organizational arrangement, the nature of the industry, the competitive situation, or other internal or external influences, all company functions should be directed toward value creation for current and potential customers.

3. Adherence to a business-to-business market orientation intended to produce profit for the customer by focussing on creating customer value in such a way as to also create value for the selling firm. The emphasis is on the development of long-term mutually beneficial relationships with customers rather than an orientation directed solely towards accumulating sales volume.

Use of these tenets leads to a formal definition which is only a slightly different from the one developed by Kohli and Jaworski (1990).

> A business-to-business market orientation is the organization-wide generation of market intelligence pertaining to current and future intermediate and associated end-customer value-creation activities, dissemination of the intelligence across departments, and organization-wide responsiveness to it.

Substitution of a value-creation focus for the previously utilized needs-and-wants approach and explicit recognition of both intermediate and end-customers, fulfills Kohli and Jaworski's (1990) expressed intent—the provision of a working definition of the construct as well as providing a foundation for measurement which is focussed on organizational processes directed towards a specific goal.

MEASURING A FIRM'S MARKET ORIENTATION

A major question to be raised is whether or not researchers have been measuring the market-orientation construct in the proper manner, especially as it relates to business-to-business firms. Early studies evaluated the construct using questions designed to measure whether companies (1) could determine customer needs; (2) had a thorough knowledge of customer behavior and needs; (3) could evaluate the extent to which activities and efforts of various departments were coordinated to ensure customer satisfaction; and (4) had a new product development department (Hise 1965; Lawton and Parasuraman 1980; Parasuraman, Berry, and Zeithaml 1983; Morris and Paul 1987; and Morris, Davis, and Ewing 1988). A major problem with utilizing these types of measurements is that they tend to measure only a selling firm's *perception* regarding its knowledge of the customer, and not the level of knowledge itself.

More recent research has addressed the problems inherent in earlier studies and constructed new scales designed to measure a firm's market orientation. Narver and Slater (1990) developed a scale which included components related to measuring customer commitment, customer value creation, understanding customer need and satisfaction objectives, and utilization of customer ideas in the new product development process. Kohli and Jaworski (1990) stressed the importance of market intelligence and dissemination activities, taking into account not only information gathered from customers but also considerations of exogenous market factors, and future customer needs.

While clarifying several points, these studies still rely on single measures of customer focus that are entirely dependent on the selling firm's perceptions. The major fault with this perspective is that participants in the exchange process usually lack in a common background and the ability to project themselves into the role of another. Therefore, when a selling firm representative is asked whether he/she understands customer needs and wants, it will customarily be the case that an affirmative answer is given. However, this affirmative answer should only be taken to mean "from the seller's perspective." In order to ascertain whether the representative truly has an understanding of customer needs and wants, more objective measures must be established. These measure must encompass both buyer and seller beliefs. In essence, a construct must be developed which will have similar meaning from both buyer's and seller's perspectives. An emphasis on value creation allows such a construct to be developed.

Identifying the Components of Customer Value

Porter (1985) initially detailed specific activities which comprise a firm's value-creating activities. These activities are divided into two categories—primary and support. Primary activities relate to inbound logistics, operations, outbound logistics, marketing, and sales. Support activities support the firm's primary activities and include procurement, technology development, human resource management, and infrastructure. Taken together, these activities comprise a firm's value chain. To create customer value, the selling firm must undertake activities which add value to the intermediate customer's primary and/or support activities. A customer orientation dictates that a seller must possess understanding of the buyer's entire value chain (Hlavacek and Ames 1986; Day and Wensley 1988).

Indeed, a study of the relevant literature reveals many references to the importance of a firm's knowledge regarding customer value-creation activities (e.g., Barnes and Ayers 1977; Campbell and Cunningham 1983; Debruicker and Summer 1985; Cina 1989; Coyne 1989). Thus, the following proposition is offered:

> Proposition 1a: The greater the managerial knowledge regarding the specific components of the customer's value chain and the means by which customer value can be created, the greater the market orientation of the firm.

In addition, it is essential that business-to-business marketers possess in-depth knowledge not only of the cost and revenue dynamics of their intermediate customers, but also cost and revenue dynamics facing the associated end-customers (Narver and Slater, 1990). Therefore, a related proposition may be offered:

> Proposition 1b: The greater the managerial knowledge regarding the specific components of the end-customer's value chain and the means by which end-customer value can be created, the greater the market orientation of the firm.

The Collection And Use of Value-Creation Information

Merely gathering customer value-creation knowledge by the seller's marketing department is not sufficient to ensure a market orientation. Rather, efforts must be undertaken to (1) involve other functional units in the collection of knowledge about customers; (2) emphasize the dissemination of pertinent information throughout the entire organization; and (3) acknowledge and understand that the objective of creating customer value is of paramount importance throughout and for the entire organization (Cornish 1988; Masiello

1988; Kohli and Jaworski 1990). All functional units must also be aware of the importance of the intermediate customer's customer. Few researchers have directly focused on the value linkage extending from the seller through the intermediate customer to the end customer. The importance of knowledge regarding the end-customer's value chain must not be overlooked (Narver and Slater 1990). Therefore, the following propositions are offered:

Proposition 2a: The greater the collection and understanding of managerial knowledge regarding the components of both the intermediate and associated end-customers' value chain and the means by which both intermediate and associated end-customer value can be created by functional units exclusive of the marketing function, the greater the market orientation of the firm.

Proposition 2b: The greater the sharing and dissemination of information regarding the components of both the intermediate and associated end-customers' value chains and the means by which both intermediate and associated end-customer value can be created among the various functional units of the firm, the greater the market orientation of the firm.

Marketing Efforts Based on Value-Creation Knowledge

In addition to collecting, disseminating, understanding, and strategically using both intermediate and end-customer information, the market-oriented firm must possess the capability to measure and evaluate how products offered to the customer either directly or indirectly impact the intermediate customer's value-creating activities (Barnes and Ayers 1977; Forbis and Mehta 1981; Porter 1985; Dollinger and Kolchin 1987; Hergert and Morris 1989). Coinciding with this ability to measure and evaluate, the market-oriented firm must be able to communicate the characteristics of the value added in terminology understandable to the intermediate customer (Barnes and Ayers 1977; Jackson and Cooper 1988; McKenna 1988). Thus, the following proposition is offered:

Proposition 3: The greater the ability of the selling firm to measure, evaluate, and communicate to the intermediate customer, in understandable language, the value added to the intermediate customer's operations from purchase of the selling firm's products, the greater the market orientation of the firm.

A related area of interest lies in the selling firm's ability to market goods and services on the basis that these goods and services add value to their individual intermediate and/or end-customers' operations. Various authors have identified the relevant components of quality/value that customers seek. Depending on the customer, the traits and degree of value offered by a specific good or service may differ (Barnes and McTavish 1983). The market-oriented firm should possess the knowledge, ability, and desire to continually monitor, update, and adapt their marketing strategies to the individual customer's needs (Sonnenberg 1988; Spekman 1988; Spekman and Johnston 1986). Thus, the following proposition is offered:

Proposition 4: The greater the ability of the firm to market its products on a basis which provides the greatest value to the individual intermediate customer, the greater the market orientation of the firm.

Utilizing a Wide Variety of Information Sources

Concerning the sources of information a firm utilizes in acquiring knowledge of the customer's value chain, it is not sufficient that a firm merely send marketing representatives or the sales force to communicate with the customer (Ghoshal and Kim 1986; Grace and Pointon 1980; Masiello 1988; Moncrief 1986; Peters and Austin 1985). Representatives from all functions must participate. Nor can it be stated that a truly market-oriented company relies solely on information gathered from customers (Kohli and Jaworski 1990). Rather, in seeking to provide the customer with the greatest amount of value, the market-oriented firm will exploit avenues of contact knowledge related to all parties entering the customer's value chain including, for example, the customer's suppliers and buyers as well as governmental and other entities that oversee the customer's operations. Intelligence activities, including surveys and other forms of marketing research, industry trend analysis, attendance at conferences and trade shows, and the constant monitoring of relevant external sources of information (i.e. newsletters, trade journals, analyst reports, and magazines) should be pursued. The more sources of information utilized and the more diverse the functions collecting information on customer value-creating activities, the better able the firm is to effectively market its products. Thus, the following propositions are offered:

Proposition 5a: The greater the variety and depth of knowledge collected about the external entities that enter into and are part of the intermediate customer's value chain, the greater the market orientation of the firm.

Proposition 5b: The greater the diversity of the functions involved in acquiring and disseminating information related to the intermediate customer's value chain, the greater the market orientation of the firm.

In conclusion, the above propositions provide a framework within which (1) propositions and hypotheses set forth in previous studies (Kohli and Jaworski 1990; Narver and Slater 1990) are augmented; (2) all parties engaged in or observing marketing activities between the seller and buyer are able to evaluate the selling firm's success in creating a market orientation (i.e., through measurement of activities undertaken and customer levels of satisfaction with the results of such activities); (3) the validity of selling firm representatives' claims regarding understanding of a customer's needs and wants may be determined (i.e., through evaluation of selling firm efforts undertaken and customer perceptions of such efforts); (4) the goals of intelligence gathering and strategic actions are made apparent to all selling firm functions (i.e., collecting and utilizing customer information in order to provide the customer with improved profit-making abilities); (5) the key tenets of the marketing concept are operationalized; and (6) the mechanism for linking a firm's marketing efforts to the possession of a market orientation may be determined. Having established such a framework, attention now turns to the second issue being studied—that relating to a market-oriented approach to business-to-business product innovation. It is this type relationship that determines whether the possession of a market orientation yields any material gains for the holder of such an orientation.

SUCCESSFUL INNOVATION AS A RESULT OF A MARKET ORIENTATION

The market-oriented firm is one which continually seeks out opportunities for change and induces both the needed internal and external actions to create change (Simmonds 1986). In explicit terms, the market-oriented firm is one which undertakes actions to create customer value. In the product innovation process, the market-oriented firm undertakes those activities needed to: (1) ascertain the products which create customer (both current and potential future) value; (2) develop such products; and (3) market those products in a manner allowing for successful customer adoption.

Customer Frame of Reference

A truly market-oriented firm (relating to innovation activities) is one which possesses a common background and frame of reference with its customers. The market-oriented firm, using its knowledge of the customer, the customer's business, the customer's industry, and the components of the customer's value chain has the capacity to develop products which add value to the customer's operations. The market-oriented firm has the capability to document to the customer what the specific product applications are and how, if adopted, the product will create customer value.

Utilizing the market-orientation definition previously developed allows managers and researchers to overcome problems inherent in determining whether technology-push or market-pull innovation approaches are in a firm's best interest. Technology-push approaches emphasize basic research, which holds the potential to develop technology useful to a specific market segment (Shanklin and Ryans 1984; Petroni 1985). In situations where market-pull approaches are emphasized, research is directed towards meeting fundamental customer needs (Petroni 1985). Much anecdotal evidence exists to support either approach (Hayes and Abernathy 1980; Crawford and Tellis 1981; McIntyre 1982; Finkin 1983; Maidique and Hayes 1984). However, results of the only empirical study conducted were inconclusive regarding the relationship between innovation success and practice of the marketing concept (Lawton and Parasuraman 1980).

Because a market orientation holds as its basic premise the creation of customer value, the source of an innovation's idea is irrelevant. Regardless of whether the firm is managed by personnel possessing business backgrounds or those possessing engineering (or other technical) backgrounds, all personnel are expected to possess the acumen required to develop and market products in such a manner as to create customer value. The importance and probability of commercial innovation success is solely dependent on the innovation's ability to create customer value.

A market-oriented firm pursues only those innovations which create or have the potential to create customer value. Tendencies on management's part to avoid risk-taking diminish a firm's R&D productivity (Gluck and Foster 1975; Hayward 1978; Crawford and Tellis 1981; Ward 1981: McIntyre 1982). Utilizing common standards emphasizing customer value creation alleviates this problem. Difficulties involved in evaluating research output purely on a discounted cash flow basis disappear. The end result of research emphasizing value creation is a linkage between R&D, marketing, and corporate strategy. Such a linkage is conducive to providing an atmosphere stimulating innovation activities (Morton 1983; Foster and Pryor 1986; Spencer and Triant 1989).

A market-oriented firm utilizes all resources at its disposal to create customer value, regardless of whether marketing is the initial idea source. Involvement in consortiums, trade shows, associations, and strategic alliances are several sources from which innovative ideas can spring (Peck and Goto 1981; von Hippel 1988; Clark 1989; Joiner 1989). Use of demonstration centers, application laboratories, custom product groups, and user groups are other alternatives for generating input into the innovation process (von Hippel 1988). Therefore the following proposition is offered:

> Proposition 6: A market-oriented firm will hold as its main R&D priority the development of products which create or have the potential to create customer value.

To allow for information exchange during the innovation process, frequent interaction must transpire between primary customer contact personnel (i.e. marketing and sales) and personnel charged with researching, developing, and creating the innovation (usually R&D, engineering, and manufacturing or operations). In a market-oriented company, this interaction will be characterized by a lack of friction between the various functional units as they pursue the common goal of customer value creation. Therefore, the following proposition is put forth:

> Proposition 7: In a market-oriented firm, interaction between functional units (related to innovation efforts) is characterized by a common consensus that product development leading to customer value creation is the overriding objective of the innovation process.

Communicating a Product's Value-Creating Abilities

A primary driver influencing the innovation process is the firm's current product portfolio. The stage of the products and associated processes technical life cycles, the complexity of the product itself, and the relationship between R&D activities and the current product line are all factors influencing the innovation process success rate (Utterback 1974; Wilson and Ghingold 1987; Meyer and Roberts 1988; di Benedetto and Calantone 1990). In addition, situations related to whether R&D is focussed on efforts classified as radical or incremental can impact the innovation processes success rate.

Regardless of the above circumstances, a market-oriented firm will be able to relate and describe its current products in a manner emphasizing the worth of the value component(s) to the specific customer. Likewise, in the case of the innovation itself, the firm can describe the new product in a fashion (1) allowing for value comparisons against current products (when applicable); (2) allowing for value comparisons against competitive products; and (3) enabling the customer to understand how the new product differs from current products and the incremental value added to the customer's operations by the new product. Thus, the following proposition is offered:

> Proposition 8: New products developed by a market-oriented firm may be described in a manner that the customer can readily understand differences in value offered by the new product versus existing or competing products and the incremental value available to the customer if the innovation is adopted.

NEW PRODUCT DIFFUSION AND THE MARKET-ORIENTED FIRM

A major premise underlying the current study is that a market orientation will augment the firm's ability to develop and market successful new products; that is, new products which achieve acceptable levels of desired goals. These desired goals may encompass profit (i.e., ROI), growth (i.e., sales increases), market (i.e., entering a new market), quality (i.e., longer product lives), or other organizational aims. Previous propositions laid out a framework within which a market-oriented firm concentrates efforts on customer value-creation activities. Awareness of the customer value created by current products leads to new product development yielding additional customer value. With such new product development, the probability of a successful product will increase.

Current new product diffusion models fail to address issues relating to customer heterogeneity, product value, and competitive influences, thus making them of limited value to practicing managers (Depalma, Droesbeke, Lefevre, and Rosinski 1986). It is time to recognize the critical role the innovator plays in the diffusion process (Onkvisit and Shaw 1989). With a market-oriented firm, a key role comes in the form of product creation which adds to customer value. Marketing activities will be targeted towards that market segment where the new product holds the greatest potential value.

A majority of studies examining new product success and failure determine the primary cause of failure can be linked to the firm's inability to match offerings to customer needs and wants (Banting 1978; Calantone and Cooper 1981; Cooper 1983, 1985). Gleaned from these studies is an appreciation of the differences between selling firm perceptions of buyer needs and wants and the ultimate buying firm determination of its specific needs and wants. Unless one were to accuse selling firms of being totally oblivious to the markets' real needs and wants, blame for new product failure must be placed on a selling firm's faulty market perceptions.

New Product Success Rates

A market-oriented firm should not encounter these difficulties if the product development process focusses on customer value creation. Because the creation of value can be expressed in predominately quantitative terms, there will tend to be a more objective measurement of the innovation's value-creating ability. Products advancing beyond pre-development stages and into the market should expect to succeed due to their incremental value-creating ability. Products which provide customer value will likely cause customer dissatisfaction with current products, thus leading to customer adoption of the new product. This, in turn, will greatly enhance the firm's ability to meet the varied, desired objectives (as explained previously) of its product development process. Therefore, the following proposition may be offered:

> Proposition 9: A market-oriented firm will have a higher percentage of new product successes (for those products brought onto the market) than those firms which are not market oriented.

New Product Diffusion

In conjunction with a higher success rate, the speed of diffusion for products developed and offered by the market-oriented firm should differ from those who are not. Potential customers may delay product adoption until they know whether it is profitable to do so. The market-oriented firm will effectively communicate how the product is to be positioned and the major benefits the customer derives from adoption by utilizing communication device(s) having the most buyer impact. Sellers will communicate product benefits in understandable language, readily conveying the innovation's value. These actions, in turn, will create favorable buyer impressions, allowing for a more rapid diffusion process to occur (Judd 1987; Easingwood 1988). Thus, the following proposition may be offered:

> Proposition 10a: In the case of a successful new product, the diffusion process will be accelerated for market-oriented firms in comparison with firms which are not market oriented.

New Product Failure

In conjunction with the above, the market-oriented firm will be able to quickly ascertain whether there is a readily available market for its products. This determination is due to the firm's ability to identify those target market segments or individual customers for whom the innovation is likely to hold the highest value. In cases where potential customers, possessing the most potential for value addition, turn down the innovation, the firm is able to rapidly ascertain that the new product is a failure. This leads to the last proposition:

> Proposition 10b: In the case of unsuccessful new products, the market-oriented firm will ascertain the failure of the product in a shorter time period than firms which are not market oriented.

CONCLUSIONS AND FUTURE RESEARCH DIRECTIONS

This study addresses several major problems inherent in previous researcher and practitioner attempts at defining and operationalizing the concept of a market orientation. First, a primary objective of the study was to develop a definition of a business-to-business market orientation which serves to provide direction and guidance for organizations seeking to better serve their customers. The development of such a definition, holding as its key focus the creation of customer value (which emphasizes profit improvement), fulfills such an objective. An organization-wide focus on customer value creation precludes most of the disagreements occurring between functional units regarding differing priorities and serves as a gauge to judge the ultimate worth of organizational endeavors by providing a clearly defined end goal. Of more strategic concern, a focus on customer value creation provides a mechanism through which management can ascertain the progress (or lack of) being made toward developing mutually profitable customer relationships.

Second, a customer value-creation focus provides a more versatile and valuable means of measuring a firm's degree of or lack of a market orientation. Previous attempts at measuring the construct have focussed entirely on selling firm perceptions. By doing so, researchers have failed to practice what they have long preached. That is, the customer ultimately determines who is (or is not) market oriented. By focussing on customer value creation, measures can be developed which allow for measurement of customer, selling firm, and third party perceptions of an organization's adherence to the practice of the concept. A comparison of results among parties measured will provide information concerning differences in perceptions. Possession and analysis of information regarding "market-orientation gaps" between customer (both individual and groups) and seller perceptions provides valuable knowledge from which future strategies can be developed. For example, an organization may very well find that while it can be considered "market oriented" in terms of its relationship with one customer or group, it lacks such an orientation with a second targeted customer or group. Once this "lack of orientation" and the associated reasons for it are determined, appropriate corrective actions can be taken.

Third and most managerially relevant, a customer value-creation focus allows for the development and testing of hypotheses related to measuring, in more detail, specific aspects of a firm's total market orientation. The current study focussed on innovation efforts as an example of such an endeavor. Testing of relevant hypotheses would enable managers of an organization to determine whether significant relationships did exist between product successes and the activities they undertook to become "close to the customer." If so, then future actions could be developed to further this process. Relevant propositions could as easily been developed regarding linkages between a firm's possession of a market orientation and other related activities including, but not limited to those associated with advertising and promotion, logistics and channels of distribution, market research, and pricing.

In conclusion, the current study provides a primary foundation from which future work aimed at operationalizing, in a manner conducive to both researchers and practicing managers, the construct of "possessing a market orientation" can evolve. Future efforts should be targeted at development and testing of relevant hypotheses and scales. Preliminary testing could involve a single company and its current and future potential customer base. Further testing would encompass an industry-wide setting and ultimately, both generalized and industry-specific measures would be developed.

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ABOUT THE AUTHORS

Geoffrey L. Gordon (Ph.D., University of Kentucky) is Assistant Professor of Marketing at Northern Illinois University.

Peter F. Kaminski (Ph.D., Pennsylvania State University) is Professor of Marketing at Northern Illinois University..

Thomas M. Rogers (Ph.D., University of South Carolina) is Assistant Professor of Marketing at Northern Illinois University.