

Target market

[Business](#), [Marketing](#)



One of the first strategic frameworks that has existed for many years was the marketing concept that provided firms with a sustainable competitive advantage. In the 1990s, the marketing concept as "market orientation" was begun recognizing and operationalizing by academics. In the marketing literature, according to Kohli and Jaworski (1990), one of major concepts is market orientation which refers to the extent to how the marketing concepts are implemented by organizations. Kirca, Jayachandran, and Bearden (2005) stated that there are hundreds of articles which aim to market orientation's effect on business performance have been published during the past 20 years. Market orientation facilitates a firms' ability to capitalize, react to, and anticipate on changes of environment which is base to create superior performance.

Moreover, market orientation constitutes a business culture that supports firms in creating superior customer value which is a part of sustainable competitive advantage (Narver and Slater, 1990). Nowadays, market orientation has been approached by two ways which have been commonly adopted. There are three components which are distinguished in the first approach: organization-wide generation of market information about current and future customer needs, dissemination of such information across departments and individuals within the market-oriented firm; and an organization-wide responsiveness to the disseminated information (Jaworski and Kohli, 1990; 1993).

The second is different in conceptual market orientation but it also uses three components (Narver and Slater, 1990, 1995). Customer orientation is the first component of this approach, which reflects that activities for

capturing and disseminating information about customer's needs are extremely necessary. Competitor orientation is also an important component of this approach which focuses on collecting and disseminating information about competitors. Inter-functional coordination is the third component which involves ". . . the business's coordinated efforts. . . to create superior value for them continuously" (Narver and Slater, 1995)

2. 2. Role of market orientation

Market orientation has a strong link with the performance of organizations. In fact, a right strategy of market-orientation is not only able to retain existing customers by keeping them satisfied and loyal, but it also plays a vital role in supporting organizations to reach to the desired level of growth and market share by attracting more potential customers (Homburg and Plesser, 2000). As mentioned above, according to Narver and Slater (1990, 1995), market orientation includes three components such as inter-functional coordination, competitor orientation, and consumer orientation. A company can have a clear understanding about target buyers and continuously create superior value for them through customer orientation. When market competition becomes fierce, understanding competitors plays a crucial role in the success of a company.

This understanding can be achieved by competitor orientation which aims to realize current principal and potential competitors, their weaknesses, strengths, and capabilities. Superior value which will be created by the coordinated use of resources is a result of inter-functional coordination. Market

orientation is a capability and the principal cultural foundation of learning organizations (Deshpand and Farley 1998; Slater and Narver 1995).

Through constant acquisition of information relating to customers and competitors and the sharing of this information within an organization, market-oriented firms are well positioned to develop an organizational memory, a key ingredient for developing a learning organization.

Furthermore, a focus on continuously improving the firm's process and systems and a culture of experimentation are encouraged by market orientation. This implies that firm's capabilities will become far more distinctive when firm's market orientation is constantly developed and improved.

Besides, market orientation also brings about some outcomes such as behavioural outcome, performance outcome. There is a positive influence of a company's market orientation on esprit de corps of employees which was proved by previous researches (Shoham and Rose, 2001; Rose and Shoham, 2002; Jaworski and Kohli, 1993). In fact, feelings of contributing, direction, and a sense of belonging towards satisfying customer needs which will lead to greater esprit de corps, can be provided to employees by market orientation. Though market orientation, employees can receive social and psychological benefits and enhances esprit de corps and teamwork. Group cohesiveness is an outcome of esprit de corps. According to Greenberg and Baron (1997), cohesiveness is constituted several elements such as a sense of belonging to a group, an'esprit de corps', 'we' feeling.

Accepting group goals more readily and less absent from work are benefits when employees feel themselves as members of cohesive groups (Cartwright, 1968; Dunham and Pierce, 1989), and organizations will have more loyal employees (George and Bettenhausen, 1990). Level of their contribution to groups' performance will be increased when willingness of members of cohesive group to conform to group norms and work together will reach to higher level (Shaw, 1981). On performance outcome, there is a significant and positive link between organizational performance and the marketing concept which is stated by Lusch and Laczniak (1987). In the face of intensifying competition, market orientation is a thing which can provide a winning philosophy to organization. It will increase the probability of an organization's survival.

Furthermore, when innovation becomes a decisive element to the survival of company, market orientation also has a significant contribution to this fact. Reasons for this, the commercialization of new products can be increased by customer orientation; competitor orientation create a good strategy for companies when they want to launch new product lines or extensions to product; and inter-functional co-ordination increases the commercialization of extensions to product lines. According to recent study of Lado and Maydeu-Olivares (2001), market orientation has significant influence on innovation that has been proven that a greater innovative flair comes from companies with more market-oriented.

Therefore, it is easy to understand that organizations with higher degrees of market orientation will significantly achieve higher level of innovation. The

impacts of market orientation on the profit margins of new products have been deeply analyzed by Atuahene-Gima (1995). The development and profitability of new products can get some positive influences through enhancing market orientation. In a later study, Atuahene-Gima (1996) had indicated that a decisive impact on the profitability of service and product innovations have been significant impacted by market orientation.