

Market Orientation In Nigerian Manufacturing Companies

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ABSTRACT

This study examined the Market orientation practices of selected Nigerian manufacturing companies. A total of 1,200 copies of questionnaire were distributed to the sales and marketing directors of the sampled manufacturing companies, out of which a total of 1,035 questionnaires were found useable. The collected data were analyzed using relevant statistical tools in the statistical package for social sciences (SPSS) version 10. The findings revealed strong market orientation practices in the selected manufacturing companies.

Keywords: Market Orientation, Marketing, Customer Satisfaction and Retention

INTRODUCTION

The Nigerian economy is one in which customer satisfaction is playing an increasingly important role and is becoming the basic goal of every business organization. In order to be successful, organizations must become customer focused. Customer's needs and expectations are always changing, and this will lead to a situation where customers keep setting ever higher standards (Willington 1995; Parson 1997). Therefore, implementing customer satisfaction philosophy means identifying customers, identifying their needs and expectations, and, finally, measuring their perceptions (Stenbery 1997). Also, knowing the needs of the customers makes it easier to anticipate the ideal set of products that will satisfy them.

THEORETICAL BACKGROUND

The marketing concept has been of substantial importance for many years in marketing and is one of the most significant and popular concepts that has been developed in the marketing literature. Despite the importance of this concept and organization's effort to achieve success through being oriented to their customers, it was not until the 1970s and 1980s that attempts were made to clarify relevant implementation issues (Kotler 1977; Shapiro 1988). Since then, a new perspective for viewing marketing concept and its implementation has emerged within the marketing literature, and this is known as market orientation. Market orientation has, therefore, been visualized as the implementation of the marketing concept.

Market orientation is the organization-wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across all departments, and organization-wide responsiveness to market intelligence (Narver and Slater, 1990; Kohli and Jaworski, 1990).

A market-oriented organization aims at creating value for customers. To practice market orientation, the distinct values, functional structures and processes need to be changed. Not being market oriented can be very costly to a business and can result to high levels of customer complaints and expensive response mechanism, maintaining expensive product attributes that are not valued by customers, holding prices too low, constantly investing in promotion and selling activities to win new business to replace that lost to competitors, and lost opportunities to develop new markets from a platform of a secure customer base held in place by sustained service and quality performance (Harris and Piercy, 1997).

However, the implementation of marketing concept philosophy in developing countries has attracted some criticisms with respect to such constraining factors as strong government control, economic shortages and general behaviour towards marketing knowledge and activities. Some scholars have argued that these environmental factors do not detract from the implementation of marketing knowledge with adequate expertise in marketing theory and practice (Osugwu, 2006). Generally, the market orientation philosophy presents marketing as the starting point rather than the end point of product-circle, and integrates marketing into every phase of the business (Berkowitz, Kelvin and Rudelius, 1998). It is a new approach to run the entire business with customers, not the product, the company, or the technical process, as the focus of managerial attention.

THE MARKET ORIENTATION CONSTRUCT

Previous studies have considered market orientation as the central ingredient of a successful organization's culture (Hunt and Morgan, 1995; Slater and Narver, 1995). Most of the relevant studies that have been carried out on market orientation have been based on five different perspectives developed by Shapiro (1988), Kohli and Jaworski (1990), Narver and Slater (1990), Desphande et al (1993), and Ruckert (1992), among others. From their extensive review of marketing literature in the last 35 years, Kohli and Jaworski (1990) proposed that there are three core themes in Marketing concept: (a) customer focus (b) Coordinated marketing and (c) Profitability. Relatedly, from a review of both strategic management and marketing literature, Narver and Slater (1992) proposed that market orientation consists of three behavioural components: customer orientation, competitor orientation, and inter-functional coordination. These three components have been seen as being of equal importance (Narvar & Slater, 1992).

MARKET ORIENTATION AND CUSTOMER SATISFACTION

Customer satisfaction occurs when perception of product performance matches expectations that are at, or above, the minimum desired performance level. According to Coney et al (2001), satisfaction reduces the level of decision-making the next time the problem is recognized. For instance, a satisfactory purchase is rewarding and encourages one to repeat the same behaviour in the future. Satisfied customers are likely to engage in positive word-of-mouth communication about the brand.

Customer satisfaction can also be conceptualized as a mental state which results from the customer's comparison of (a) expectation prior to a purchase and (b) performance perceptions after a purchase (Oliver, 1993; Oliver, 1996; Westbrook, 1987; Westbrook and Oliver, 1991). When a customer makes comparisons for each part of a product offer, it is referred to as domain – specific satisfaction, but if he/she makes comparisons for the offer in total then it is called global satisfaction. Customers who are striving for satisfaction do not simply look for the end product but also draw satisfaction from the completeness of the service interaction and transaction. Therefore, the need to produce satisfied customers has important implications both for product performance and the positioning of promotional campaigns. Customer dissatisfaction is the opposite of customer satisfaction. It is caused by a failure of instrumental performance. Customer dissatisfaction is, in part, a function of the disparity between his/her expectations and perceived product performance. Unrealistic consumer expectations created by promotional exaggeration can contribute to consumer dissatisfaction.

A market oriented organization should do everything possible in order to satisfy its customers. This is because there is a link between market orientation and customer satisfaction. Kohli and Jaworski (1990) supports this link by arguing that market orientation leads to satisfied customers who spread the good word to other potential customers and who keep coming back to the organization. Kotler (1998), also, asserts that market orientation is likely to lead to greater customer satisfaction and repeat purchase.

A highly satisfied customer stays loyal longer, buys more as the company introduces new products and upgrades existing products, talks favourably about the company and its products, pays less attention to competing product brands and is less sensitive to price, offers products ideas to the company, and costs less to serve (Kotler, 2002). Also, Doyle (1995) posits that customers who are satisfied with the value being provided repurchase the product and this results in better economic performance, market share and profitability for an organization. According to Doyle (1995), the most appropriate measure of performance is customer satisfaction. Therefore, an

organization should always guarantee satisfying its customer’s current and future needs by showing commitment, creating value in the product, encouraging customers’ comment and complaints, collecting relevant information, sharing information among various departments of the company, and by taking relevant managerial action based on the collected information. An organization that engages in these activities is said to practice market orientation. This paper sought to investigate, empirically, the market orientation practices of a sample of Nigerian manufacturing companies.

RESEARCH METHOD

Data were collected through the use of fully structured questionnaire. A stratified sampling method was used to select the sample for the study. The management levels of staff in the company were classified into groups of managers, such as finance manager, marketing managers, production managers and sales managers. Out of these, the marketing and sales managers were randomly selected for the sample.

A total of 1,200 Questionnaires were distributed to 40 (forty) manufacturing companies in Lagos State of Nigeria. Of this number, 1,035 questionnaires were found useable for the study, resulting in an effective response rate of 86 percent. The questionnaire had a total of 10 items and used a six-point Likert rating scale ranging from “very high extent “ (6) to “No extent” (1).

The instrument/questionnaire was tested for validity using content validity test. This was determined by expert opinion. Three senior university lecturers specializing in Marketing and Business Administration validated the research instrument. Also Cronbach’s alpha was also used via factor analysis to test the reliability of the instrument.

To make sure that the questions were relevant to the Nigerian business context, the questionnaire was sent to ten target respondents and based on this, some adjustments were made on the questionnaire before its administration (Churchhill, 1995).

The results associated with the statistical analysis are presented below.

Table 1: Descriptive Statistics of Market Orientation Practices

	Mean	Std	Skewness	Kurtosis
	Statistic	Statistic	Statistic	Statistic
C1	5.0431	.9071	-.826	.630
C2	5.1150	.8759	-1.053	1.682
C3	5.0909	.8838	-.833	.530
C4	4.9961	1.0485	-1.085	1.043
C5	5.1371	.9561	-.983	.524
C6	4.9546	.9373	-.775	.846
C7	4.8821	1.0257	-.919	.835
C8	5.1895	.7685	-.919	-.248
C9	5.3179	.8135	-11.006	.549
C10	5.1663	.9553	-1.425	2.701

From Table 1, the mean values indicate that the manufacturing companies attached great emphasis to creating high customer satisfaction.

From Table 2, the one factor solution shows that customer satisfaction/retention by the surveyed Nigerian manufacturing companies is as a result of having customer knowledge, listening to customer’s complaint and solving them; all leading to customer satisfaction.

It can, therefore, be concluded that for manufacturing companies to retain their customers through the practice of market orientation, they must have knowledge of the needs of the customers, satisfy these need and be

receptive to their complaints, and solve them. These are the major issues that drive customer satisfaction, which is a major component of market orientation practice.

Table 2: Factor Analysis (Structure Matrix) of Market Orientation Practice Impact on Customer Satisfaction/Retention

	Component
	I
C1	.720
C2	.760
C3	.729
C4	.796
C5	.767
C6	.730
C7	.616
C8	.717
C9	.692
C10	.684

Table 3: Factor Analysis (Total Variance Explained) of Market Orientation Practice Impact on Customer Satisfaction/ Retention

Component	Initial Eigenvalues			Extraction sums of Squared Loadings		
	Total	% of Variance	Cumulative%	Total	% of Variance	Cumulative %
I	5.221	52.208	52.208	5.221	52.208	52.208

Table 3 shows the total variance explained by the one-factor structure of the measure of customer satisfaction/retention achieved as a result of market orientation practice by the researched Nigerian manufacturing companies. The one-factor solution explained 52.2 percent of the variance.

Table 4: Reliability Coefficient of Research Measure

Statistic for Scale	mean	Variance	Std Dev	no of variables
Reliability coefficients	50.8885	44.5085	6.6715	10
N of cases = 978.0	Not Items=10			
Alpha = 0.89.				

Table 4 shows a value of 0.89 for the reliability coefficient of the major research measure (market orientation practice). This value exceeds the minimum cut off point of 0.70 suggested by Cronbach (1947) and Churchill (1995).

Table 5: Factor Analysis (KMO and Bartlett’s Test) of Market Orientation Practice Impact on Customer Satisfaction/ Retention KMO and Bartlett’s Test

Kaiser-Meyer-Olin Measure of Sampling Adequacy		.827
Barlett’s Test of Sphericity	Aprox, chi-square	4700.871
	df	45
	Sig.	.000

Table 5 shows the KMO and Barlett’s test (factor analysis) for the customer retention consequences of market orientation practice measure. The value in Table 5 suggests that this measure of market orientation activities is suitable for factor analysis (Stewart, 1981).

CONCLUSION

This study dealt with the issue of market orientation practices of selected manufacturing companies in Nigeria. The findings indicate that for any organization to be market oriented, it must start its activities with the customers as the main focus not the company or the product.

The quantitative results indicated that customer satisfaction was related to customer retention. Therefore, it can be concluded that a company that is market oriented is well positioned to anticipate customer needs and offer goods and services to satisfy those needs. The major findings of this research are being processed for extensive interpretations in an enlarged research report.

AUTHOR INFORMATION

Dr. (Mrs.) R.N. Obaji is a lecturer in the Department of Business Administration, Faculty of Business Administration, University of Lagos, Nigeria. She is an alumnus of the University of Calabar, University of Lagos and Lagos State University all in Nigeria. She has a Bachelor of Science honors in Marketing, Masters of Science in Management and a Ph.D. in Business Administration. She has close to ten years teaching experience in marketing and management, and she has to her credit publications in scholarly journals in the fields of marketing, management, and business administration. She is a member of American Marketing Association, National Institute of Marketing Nigeria and an Associate Member of Nigeria Institute of Management.

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