International Research Science and Development Center

International Research Science and Development Journal

www.IRSDJournal.com

International Research Science and Development Journal
Vol. 2, No. 3, 2021, pp. 109-116.
ISSN 2348-3008

Impact of Market Orientation on Marketing Strategies in banking (Case Study Private Banks in Bangladesh)

Problems Suhardi[1*], Steven Potaren[2]

[1] Lecturer, American International University Bangladesh
[2] Lecturer, American International University Bangladesh

Abstract
A business approach or philosophy that focuses on identifying and meeting the stated or hidden needs or wants of customers. See also product orientation and sales orientation. Market orientation perspectives include the decision-making perspective (Shapiro, 1988), market intelligence perspective (Kohli and Jaworski, 1990). The study examines the impact of these components on marketing strategies discussed. A company philosophy focused on discovering and meeting the needs and desires of its customers through its product mix. Unlike past marketing strategies that concentrated on establishing selling points for existing products, market orientation works in reverse, attempting to tailor products to meet the demands of customers. In the present study, data were analyzed with the software Smart PLS.

Keywords: Market, Market Orientation, Marketing Strategies.

1. Introduction

During the last decade, the term “market orientation” has received much attention in the marketing and strategic management literature (Day and Wensley, 1988; Greenley, 1995; Jaworski and Kohli, 1993; Kumar et al., 1998; Narver and Slater, 1990; Ruekert, 1992; Wong and Saunders, 1993). Many writers have stressed the importance of market orientation in the successful operation of a company. Keith (1960) gave one of the earliest and most popular articles on the relationship between market orientation and business performance, in which he described the Pillsbury Company's evolution through three managerial phases, finally reaching a stage of market orientation. He suggested that movement from the production through the sales and later through the marketing phase is an evolutionary process which left the organization a stronger entity. Levitt (1960) also stressed that market orientation is the key to company success. He pointed out that company failure is the result of production orientation. Companies which only devote resources to product development without due regard given to consumer needs run the risk of not being able to perform satisfactorily in the marketplace. Clark (1979) found that successful companies adjusted to changing environment and consumer needs. Peter and Waterman (1982) in the bestseller “In Search of Excellence” attributed the success of high performing companies to a number of important factors such as staying close to the customers, a keen sense of the market and so on, but a large number of these factors can be grouped under the category commonly called "market orientation". Rogers (1985) in "The IBM Way" described how IBM treats the customer as a king. According to Rogers, an IBM marketing representative's success depends totally on his ability to understand a prospect's business so well that he can identify and analyze its problem and then come up with a solution that makes sense to the customer.

2. Literature review

Market orientation

Although several different perspectives and views about MO exist (Lafferty and Hult, 2001), there are a few shared points of consensus; customer focus, the importance of market information, and the inter functional coordination and response/ use of that information.

The reason why opinions have come into existence is because researchers and scientists have a desire to understand the scope and depth of MO. The three most frequently used operationalizations of MO, are those of Deshapande, Farley and Webster (1993: Customer orientation), Narver and Slater (1990: Customer- and Competitor orientation, and inter functional coordination) and Kohli and Jaworski (1990; 1993: Information generation, dissemination and use/ response). These different operationalizations vary according to their focus and research information need. None is considered superior or inferior to the others.

For this study the perspective of Kohli and Jaworski (1990; 1993) has been chosen:

“Market orientation is the organization- wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments and organization-wide responsiveness to it,”

This approach is based on the assumption that the operation alizarin focuses on and measures three basic, but crucial important, organizational processes. Information generation, dissemination and utilization are presumed to be of utmost significance for an organization to be market oriented and to understand why some organizations are better than others in adapting to changing environmental and market needs, and learning from their experiences (Sinkula, 1994; Baker and Sinkula, 1999).

Marketing strategy

Marketing strategy is the fundamental goal of increasing sales and achieving a sustainable competitive advantage. Marketing strategy includes all basic, short-term, and long-term activities in the field of marketing that deal with the analysis of the strategic initial situation of a company and the formulation, evaluation and selection of market-oriented strategies and therefore contribute to the goals of the company and its marketing objectives.

Developing a marketing strategy

The process generally begins with a scan of the business environment, both internal and external, which includes understanding strategic constraints. It is generally necessary to try to grasp many aspects of the external environment, including technological, economic, cultural, political and legal aspects. Goals are chosen. Then, a marketing strategy or marketing plan is an explanation of what specific actions will be taken over time to achieve the objectives. Plans can be extended to cover many years, with sub-plans for each year, although as the speed of change in the merchandising environment quickens, time horizons are becoming shorter. Ideally, strategies are both dynamic and interactive, partially planned and partially unplanned, to enable a firm to react to unforeseen developments while trying to keep focused on a specific pathway; generally, a longer time frame is preferred. There are simulations such as customer lifetime value models which can help marketers conduct "what-if" analyses to forecast what might happen based on possible actions, and gauge how specific actions might affect such variables as the revenue-per-customer and the churn rate. Strategies often specify how to adjust the marketing mix; firms can use tools such as Marketing Mix Modeling to help them decide how to allocate scarce resources for different media, as well as how to allocate funds across a portfolio of brands. In addition, firms can conduct analyses of performance, customer analysis, competitor analysis, and target market analysis. A key aspect of marketing strategy is often to keep marketing consistent with a company's overarching mission statement.

Marketing strategy should not be confused with a marketing objective or mission. For example, a goal may be to become the market leader, perhaps in a specific niche; a mission may be something along the lines of "to serve customers with honor and dignity"; in contrast, a marketing strategy describes how a firm will achieve the stated goal in a way which is consistent with the mission, perhaps by detailed plans for how it might build a referral network, for example. Strategy varies by type of market. A well-established firm in a mature market will likely have a different strategy than a start-up. Plans usually involve monitoring, to assess progress, and prepare for contingencies if problems arise.

Porter's "generic strategies"

Porter generic strategies – strategy on the dimensions of strategic scope and strategic strength. Strategic scope refers to the market penetration while strategic strength refers to the firm's sustainable competitive advantage. The generic strategy framework (porter 1984) comprises two alternatives each with two alternative scopes. These are Differentiation and low-cost leadership each with a dimension of Focus-broad or narrow.

1. Product differentiation
2. Cost leadership
3. Market segmentation

Innovation strategies

Innovation strategies deal with the firm's rate of the new product development and business model innovation. It asks whether the company is on the cutting edge of technology and business innovation. There are three types:

1. Pioneers
2. Close followers
3. Late followers

Growth strategies

In this scheme we ask the question, "How should the firm grow?" There are a number of different ways of answering that question, but the most common gives four answers:

1. Horizontal integration
2. Vertical integration
3. Diversification
4. Intensification

These ways of growth are termed as organic growth. Horizontal growth is whereby a firm grows towards acquiring other businesses that are in the same line of business for example a clothing retail outlet acquiring a food outlet. The two are in the retail establishments and their integration lead to expansion. Vertical integration can be forward or backward. Forward integration is whereby a firm grows towards its customers for example a food manufacturing firm acquiring a food outlet. Backward integration is whereby a firm grows towards its source of supply for example a food outlet acquiring a food manufacturing outlet.

Raymond Miles' Strategy Categories

In 2003, Raymond Miles proposed a more detailed scheme using the categories:Miles, Raymond (2003). Organizational Strategy, Structure, and Process. Stanford: Stanford University Press. ISBN 0-8047-4840-3.

1. Prospector
2. Analyzer
3. Defender
4. Reactor

Marketing warfare strategies – This scheme draws parallels between marketing strategies and military strategies.

BCG's "growth-share portfolio matrix" "Based on his work with experience curves (that also provides the rationale for Porter's low cost leadership strategy), the growth-share matrix was originally created by Bruce D. Henderson, CEO of the Boston Consulting Group (BCG) in 1968 (according to BCG history). Throughout the 1970s, Henderson expanded upon the concept in a series of short (one to three page) articles in the BCG newsletter titled Perspectives (Henderson, 1970, 1972, 1973, 1976a, b). Tremendously popular among large multi-product firms, the BCG portfolio matrix was popularized in the marketing literature by Day (1977)" (45).

3. Methodology

Market Orientation. To enable a comparison to be made with the 1995 study by Tse and Au, the same market orientation scale developed by Kotler (1985) and used in the 1995 study was adopted in the current study. The coefficient alpha for the scale was found to be 0.8547, which exceeds the benchmark of 0.7 suggested by Nunnaly (1977). Thus, the market orientation scale could be considered as reliable and the summated score was used for all subsequent analyses.

4. Finding

The study is designed to test the following models:

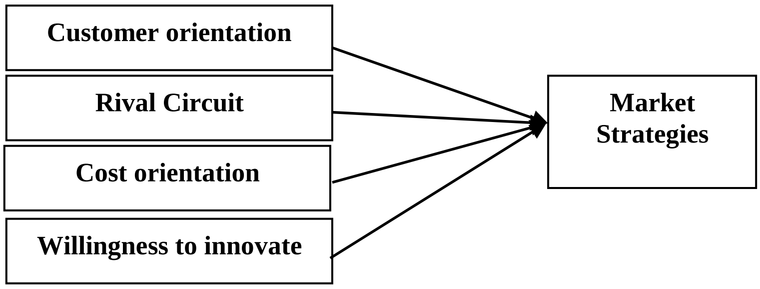

Figure 1: Conceptual Model Research

In the present study data software PLS analysis and its results can be seen in the following charts:

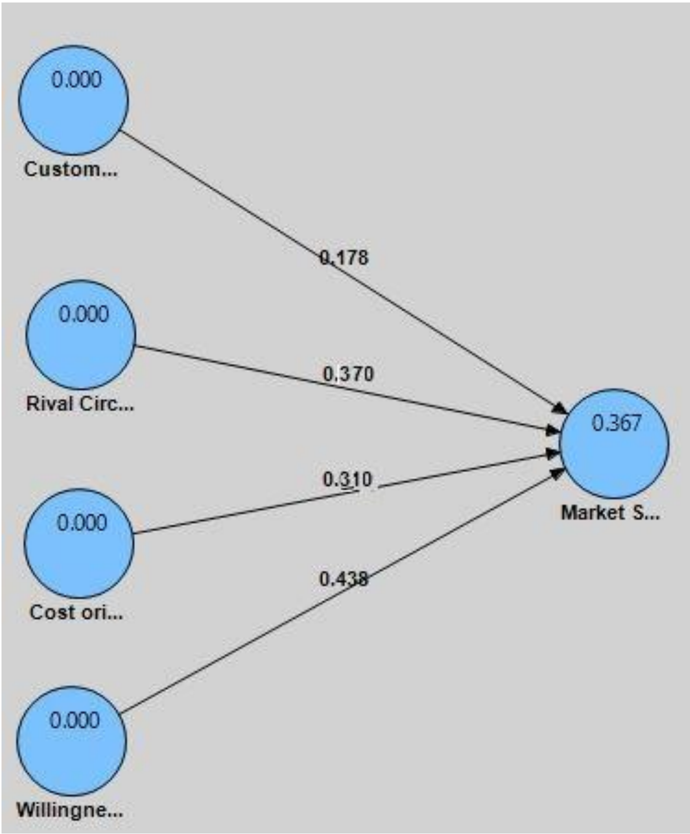

Figure 2: Diagram of the standard

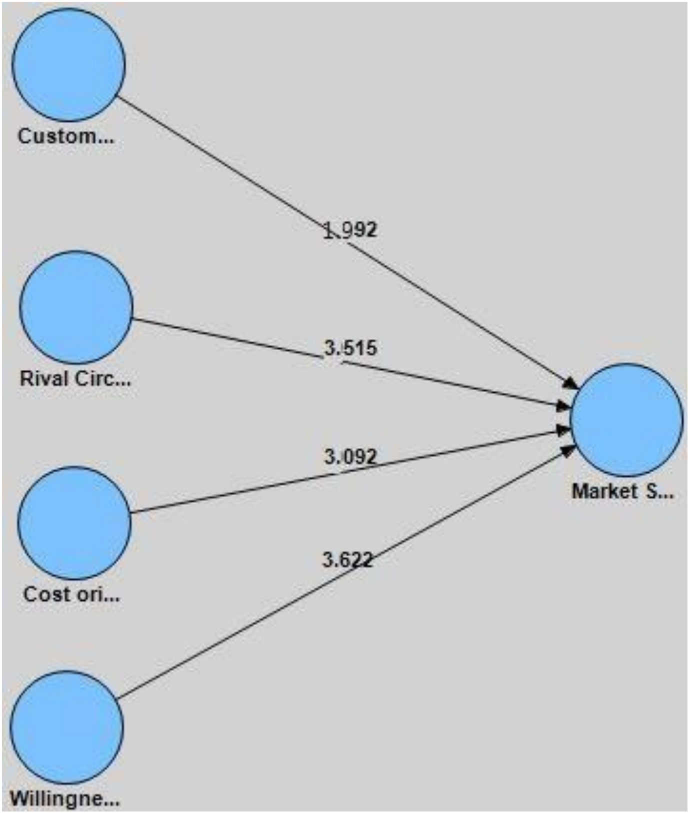

Figure 3: Diagram of a significant mode

According to the model as a significant factor in the road outside the range of 1.96- and was 1.96+ Hence, it can be claimed that:

1. Customer orientation significant positive impact on marketing strategies significantly.
2. Rival Circuit significant positive impact on marketing strategies significantly.
3. Cost orientation significant positive impact on marketing strategies significantly.
4. Willingness to innovate significant positive impact on marketing strategies significantly.

5. Conclusion

For this study the unit of analysis was at the management level which might have caused a bias regarding some of the cultural values. Future research should have a more dyadic approach; thereby have the possibility of seeing whether there are contradictory views regarding cultural values and MO on the management and employee level. It is also advisable to use other MO operationalizations (e.g. Narver and Slater, 1990) and further improve the cultural measures used in this study. The domain for the chosen cultural measures is quite limited and it is possible that we "tap into" just a small portion of each variable domain.

Future research should include organizational culture (e.g. Quinn and Rohrbaugh, 1983) in order to see how this interacts with national cultural values. Finally we recommend the use of longitudinal design thereby achieving a higher level of causality. A marketing oriented approach means a business reacts to what customers want. The decisions taken are based around information about customers' needs and wants, rather than what the business thinks is right for the customer. Most successful businesses take a market-oriented approach.

A product oriented approach means the business develops products based on what it is good at making or doing, rather than what a customer wants. This approach is usually criticised because it often leads to unsuccessful products - particularly in well-established markets.
Most markets are moving towards a more market-oriented approach because customers have become more knowledgeable and require more variety and better quality. To compete, businesses need to be more sensitive to their customers needs otherwise they will lose sales to their rivals.

References:

1. Day, G.S., Wensley, R., 1988. Assessing Competitive Advantage: A Framework for Diagnosing Competitive Superiority. Journal of Marketing 52, 1-20.
2. Greenley, G.E., 1995. Market Orientation and Company Performance: Empirical Evidence from UK Companies. British Journal of Management 6 (1), 1-13.
3. Jaworski, B.J., Kohli, A.K., 1993. Market Orientation: Antecedents and Consequences. Journal of Marketing 57 (3), 53-70.
4. Kumar, K., Subramanian, R., Yauger, C., 1998. Examining the Market Orientation-Performance Relationship: A Context-Specific Study. Journal of Management 24 (2), 201-233.
5. Narver, J.C., Slater, S.F., 1990. The Effect of a Market Orientation on Business Profitability. Journal of Marketing 54 (4), 20-35.
6. Ruekert, R.W., 1992. Developing a Market Orientation: An Organizational Strategy Perspective. International Journal of Research in Marketing 9 (3), 225-245.
7. Keith, R.J., 1960. The Marketing Revolution. Journal of Marketing 24 (1), 35-38.
8. Baker, Michael the Strategic Marketing Plan Audit 2008. ISBN 1-902433-99-8. p.3
9. Homburg, Christian; Sabine Kuester, Harley Krohmer (2009): Marketing Management - A Contemporary Perspective (1st ed.), London.
10. Aaker, David Strategic Market Management 2008. ISBN 978-0-470-05623-3.
11. Aaker, David Strategic Market Management 2008. ISBN 978-0-470-05623-3
12. Baker, Michael The Strategic Marketing Plan Audit 2008 ISBN 1-902433-99-8. p. 27
13. Shaw, E. (2012). "Marketing strategy: From the origin of the concept to the development of a conceptual framework." Journal of Historical Research in Marketing, 4(1), 30–55. doi:10.1108/17557501211195055