Conceptualizing the Role of Media in Market Orientation

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Abstract

One of the main facets of the new global economy is the shift in the marketing strategy of business firms from product orientation to customer orientation. This strategic shift began with the notion of market orientation in which a company directs all its departments and units toward satisfying customer needs and responding to competitors’ actions. Adopting such a strategy needs using all available resources and integrating marketing communication tools, such as media in both traditional and non-traditional forms. This study is an attempt to conceptualize the role of media in implementing a market orientation strategy in a competitive market. Through a critical review of previous changes in marketing strategies, the paper provides a useful historical background for studying market orientation, its effect on firm performance, and the importance of media and the rise of electronic word-of-mouth. A conceptual framework is provided to clarify the role of each factor in creating a market orientation strategy. Some suggestions for future research are also made.

Keywords: Market Orientation, Marketing Concept, Media Mix, Electronic Word-of-Mouth, Integrated Marketing Communications, Social Media

Introduction

Market orientation is a major strategy by which a firm responds to the needs and wants of its customers (Hunt, 2010). As Kohli and Jaworski (1990) pointed out, market orientation is the implementation of the marketing concept. This means that a market-oriented firm aims at implementing its business philosophy, which is based on customer priority and customer satisfaction. To do this, the firm needs to approach customers and get feedback from those who have already experienced the firm’s products and services. Such a feedback helps the firm to understand customers’ perceptions of the quality of the firm’s offerings as well as customers’ needs and preferences. This will result in generating market intelligence. However, market intelligence is a broader concept and requires scanning competitors’ behavior, government regulations, and other external factors, which affect customers’ needs and preferences (Kohli and Jaworski, 1990; Narver and Slater, 1990).

Although the literature has paid much attention to the antecedents and consequences of market orientation in business firms, it unintentionally ignored the effects of media as an external factor, which plays an active role in linking the firm and its customers or end users as well as the environmental factors, such as competitors and government that may affect and change the preferences of customers or offer substitute products to them. Therefore, it is necessary for a firm to consider the media in generating a market orientation strategy. This study intends to provide a conceptual framework regarding the role of media in market orientation, as a business strategy that results in superior performance.

Traditional View of the Firm and the Rise of Marketing Concept

The neoclassical theory of the firm was the traditional view to explain how a firm operates in a competitive market and offers its product to customers. In such a perspective, the primary objective of the firm’s owner as an entrepreneur was profit maximization by increasing the single period profits of the firm and achieving economies of scale (Anderson, 1982). The major problem with these firms was that they insisted on product orientation and sales approach while paid lower attention to marketing. However, during the 1950s and 1960s, growth economy enabled such firms to gain considerable profits and increase their market share through mass production (Kotler, Gregor and Rogers, 1977; Levitt, 1960).

According to Levitt (1960), companies that were in growth industries might face failure in their business because of marketing myopia or their narrow vision concerning their business and
environment. He argued that such a failure was the result of the following issues. First, executives dealt with broad aims and policies, but defined their business falsely since they were product-oriented instead of customer-oriented. Second, the company believed that there was no competitive substitution for the superior product of the industry. This view caused a self-deceiving cycle that made the firm executives confident about the firm’s growth. Third, the increasing number of consumers deceived firm executives so that they believed that growth was guaranteed by a growing population of wealthy customers, while the future was uncertain. Fourth, mass production and its effect on declining production costs generated a great pressure to move toward products and focus on selling activities instead of marketing. In other words, the seller needs had priority, not customer needs. Fifth, firms spent a high budget for research and development in order to improve the product and decrease production costs. However, relying on engineers and focusing on products rather than satisfying customer needs would endanger the success and sustainability of business activities.

Since the 1950s, the marketing concept was developed, as a business philosophy in which a firm integrates and coordinates all its marketing efforts in order to identify and satisfy customer needs and maximize corporate profits (Felton, 1959; Kohli and Jaworski, 1990; McKitterick, 1957; McNamara, 1972; Svensson, 2005). The marketing concept was based on three pillars, including: first, customer focus, by which a firm should provide a quick response to customer needs and wants; second, coordinated marketing, by which the firm integrates its marketing functions as the duty of all departments; and third, profitability as the main objective of business firms (Kohli and Jaworski, 1990). The ultimate goal of the marketing concept is to create marketing channels that satisfy the needs of final consumers (Svensson, 2001, 2005). According to Drucker (1958), marketers should shape up and direct market demand to achieve maximum effectiveness and efficiency, guide production toward consumer satisfaction and give rewards to entrepreneurs and quality producers. However, as Kohli and Jaworski (1990) pointed out, there was no clear strategy to put the marketing concept into practice.

**Marketing Mix and the Role of Media**

Another major idea in marketing was developed by McCarthy (1960) as the marketing mix in which he divided marketing functions into four Ps including product, price, place and promotion. Borden (1964) offered a broader concept of the marketing mix. He considered marketing manager as a mixer of twelve ingredients, including product planning, pricing, branding, distribution channels, personal selling, advertising, promotions, packaging, servicing, physical handling, and fact analysis. Such a wide range of marketing tasks is influenced by the motivation and behavior of four market forces, i.e., consumers, traders (wholesalers and retailers), competitors, and government. Therefore, marketers should use firm-specific resources and apply the marketing mix to achieve firm objectives while considering the role of market forces. Based on this approach, Glade and Udell (1968) defined marketing as the planning, promotion, distribution, and servicing of the goods and services desired by consumers.

In the marketing mix approach, media are used for advertising and the promotion of goods and services. According to Haley (1968), different groups of consumers decide to purchase a product based on a benefit segmentation model in which product characteristics and brand image as well as consumer demographics, personality and lifestyle determine their buying behavior. However, as Hunt (2010) explained, customer knowledge is imperfect and it is costly to find information about product attributes and brand quality. Therefore, the media can provide such knowledge, especially through advertising and information diffusion concerning market research and usefulness of products. As Haley (1968) suggested, TV and printed media advertisements should target consumer groups based on their demographic characteristics and personality. For example, for large families or men, longer commercials are suitable while teenagers and children require shorter commercials on TV. The role of media in introducing new products to the market is also crucial.
The Broadened Concept of Marketing

The broadened concept of marketing was introduced by Kotler and Levy (1969). They included nonprofit organizations, such as churches, universities and government agencies in the domain of marketing. In such a broad concept, the role of marketing was not only selling products and persuading consumers to make a purchase, but also satisfying human needs. As profitability is not the objective of non-profit organizations, the concept of marketing shifted towards the focus on customer needs and serving the society. Marketing was one of the major functions of firms in order to offer products, including goods, services, ideas, persons and organizations to a group of consumers, i.e. clients, directors, active publics, or the general public.

According to Kotler (1972), marketing is a human activity to satisfy human needs and wants. A firm produces goods and services by integrating resources through suppliers, employees and support publics. Then, it serves consumer publics through its agents. The external environment surrounding the firm includes government, competitors and the public. This broadened viewpoint requires firms to intervene in social works and interact with society. However, Lacznia and Michie (1976) criticized the broadened concept of marketing because it can cause a social disorder, as people do not expect marketers to involve all types of exchanges in society. In addition, the limited power of marketers does not allow them to bear the heavy burden of social responsibility. Nevertheless, defending of traditional marketing domain by Lacznia and Michie (1976) could not prevent researchers to adopt the broadened concept.

The Stakeholder Theory and the Role of Media

Freeman (1984) introduced the stakeholders’ theory, in which firms should integrate social objectives with their traditional business objectives. In other words, while the goal of managers is to provide higher profits and returns on investment (ROI) for shareholders, they have to commit to accomplish corporate responsibility to society in which they operate. To do so, management should scan the environment, interact with stakeholders, involve in voluntary activities and implement strategies to deal with stakeholders. The stakeholders of firms are divided into internal stakeholders, including owners, customers, employees and suppliers, and external stakeholders, including government, competitors, local community organizations and pressure groups, such as consumer advocates, environmentalists, special interest groups and the media. Managers need to identify the potential stakeholders of the firm, understand their interests and rights and discover the effect of each stakeholder on the firm’s activities and success (Fontaine, Haarman and Schmid, 2006).

As Freeman (1984) pointed out, due to mass communications technology, the role of the media has changed with regard to business so that every action of large firms is open to public scrutiny as if they live in a fishbowl. Therefore, the media is an external force that has challenged the executives who wish to succeed in today's environment. This fact requires a firm to adopt appropriate strategies to respond on time to the media and other external or internal stakeholders. Maignan, Ferrell and Ferrell (2005) suggested that in a stakeholder approach, firms’ managers acknowledge their stakeholders, listen to them, monitor their actions, communicate with them, recognize their desires, work together with them and identify conflicts between the firm and its stakeholders. The media as a major communication tool is the best way to fulfill a stakeholder relationship and responsibility. This is why the media is considered as a bridge between a firm and its stakeholders not only in reactive marketing public relations, but also in proactive strategies, such as buzz creation (Shimp, 2010).

The Rise of Market Orientation

The marketing myopia together with the rapid changes in technology caused a volatile economy in the 1970s in which new products were launched monthly, competitors offered substitute products, business-to-business customers switched their business partners, distributors lost their effectiveness, advertising costs dramatically increased and consumer groups attacked companies. Such changes created opportunities and threats for
firms and, thus, forced them to review their marketing strategies (Kotler, Gregor and Rogers, 1977). Such rapid changes together with the increasing attention of firms to their stakeholders and adoption of the marketing concept necessitated a dramatic change in the firm strategy toward the end users of firm offerings. Hence, Kohli and Jaworski (1990) introduced the market orientation strategy as a dynamic business strategy in which firms favor customer orientation instead of product orientation, create market intelligence by collecting market information and knowledge, respond to the customer needs and adopt profit orientation to increase the firm value and return for shareholders. However, firms should not only adopt customer orientation, but also they should be competitors oriented. This means that they should identify the strengths and weaknesses of their current and potential competitors in the market in order to take an immediate reaction to their activities and strategies (Narver and Slater, 1990; Reid, Luxton and Mavondo, 2005). Market orientation is a key factor in the successful implementation of marketing strategies (Homburg, Krohmer and Workman, 2004; Maignan, Ferrell and Ferrell, 2005).

Market orientation is not solely the responsibility of the marketing department, but all functional units of the firm should engage in this strategy and customer orientation philosophy. To be able to respond to customer needs and wants, managers develop the market intelligence by collecting information about consumer behavior and preferences, competitors’ actions and substitute products, government regulations, and other environmental factors. In addition, they disseminate such information within different departments of the firm and are responsive to this information. This means that managers should adopt changes and strategies to respond to the expectations of customers reflected by the market intelligence. Implementing a market orientation strategy requires commitment of top managers and their risk acceptance, coordination between departments, and an appropriate organizational structure, which can support such a strategy. The outcomes of market orientation include innovativeness, a higher business performance, greater customer satisfaction and loyalty, higher employee commitment and greater job satisfaction (see Jaworski and Kohli, 1993; Kirca, Jayachandran and Bearden, 2005; Kohli and Jaworski, 1990). According to McNaughton et al. (2001), market-oriented firms listen to customers, monitor competitors and coordinate their market-based assets in order to create customer value, retain existing customers and attract new customers. This process will increase firm value and cash flow. Market orientation also enables the firm to build marketing capabilities and achieve competitive advantage. Therefore, it increases firm performance and profitability (Murray, Gao and Kotabe, 2011; Narver and Slater, 1990).

**Media Mix and Marketing Mix**

Traditionally, the media mix is a combination of printed media, such as newspapers and magazines, public media, such as radio and TV, digital media, such as movies, and outdoor activities, such as road shows (Evanson, 1984; Stephen and Galak, 2009). A strategic media planning is necessary to take benefit from a media mix in order to promote the firm’s products and services, connect with customers, exchange information and increase reputation and brand familiarity (Evanson, 1984; Shimp, 2010). As Evanson (1984) pointed out, the media mix needs basic marketing techniques, creativity, and media consideration. However, only a few top affluent firms have made the required changes in their media mix investments.

The role of the media mix in marketing was primarily referred to as a tool for promotion, a part of the marketing mix. Media may help the firm to promote its products and services to different market segments or geographic locations, while each segment or location may require a specific type of media. Through advertising in media, firms can target potential customers and inform them about their new products, brand name, quality of services, or competitive prices. They may use coupons in their printed ads in magazines to persuade customers to get discounts or use a product trial by attending specific retail shops. Some types of media have a greater number of users or greater frequency of use compared to other

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media. Therefore, managers should allocate an appropriate share in their advertising efforts to each media. For example, TV ads have higher viewers compared to magazines or cinema movies. Among TV programs, sport matches or talk shows have the highest rate of viewers (Evanson, 1984; Shimp, 2010; Shimp and Andrews, 2013). Although the cost of advertising in such programs is higher, the effectiveness of ads is also high. For this reason, according to Shimp and Andrews (2013), almost 51% of the media advertising expenses in the United States in 2012 were paid for TV ads, while 19% allocated to radio ads, 17% to newspaper ads, and only 13% for magazine ads.

An interesting study concerning the effectiveness of media in marketing was made by Karniouchina, Uslay and Erenburg (2011) who examined the economic gain of product placement in movies. The highest rate of ads related to valuable brands, such as Coca Cola, Pepsi, General Motors, Apple and Sony. They found that there is a U-shaped relationship between the year of the movie release and the returns associated with product placements. This means that usage of ads in the media to communicate with customers have a life cycle. This can be expanded to other types of media as well. For example, radio has lost its position among other media in favor of TV. In addition, it is difficult to use traditional media to communicate with customers and other groups in society while technology has created new forms of media, such as the Internet, social media, and mobile ads (Shimp and Andrews, 2013). Therefore, marketers need to invent new tactics and methods for an efficient and effective use of media.

To make a choice among the different types of media, marketers or advertising agencies may consider various factors, such as target market demographics, advertising costs, marketing strategy, the past history of success, return on investment (ROI), creative flexibility, and time available (Pellow et al., 2003). According to Pellow et al. (2003), changes in marketing strategy can result in a change in recommended media mix. The most changes were more relying on broadcast advertisements in TV and sending direct mails to customers. However, Rubinson (2009) provided an empirical evidence for the effectiveness of TV advertising by conducting a meta-analysis of 388 case histories. He found that the impact of TV ads on sales volume depends on generating brand awareness.

**Social Media and Electronic Word-of-Mouth**

Due to the rapid progress in information technology and the increasing usage of the Internet, new forms of media, such as electronic media and social media have been added to the media mix since the 1990s (Armelini and Villanueva, 2010; Stephen and Galak, 2009). In addition, some forms of traditional media and marketing channels have lost their power in influencing people. Magazines, for instance, have lost a large portion of their readers and in spite of their wide use of models and fashion stars to attract customers, marketers prefer TV programs to access customers quickly (Love, 2010). Neti (2011) argued that social media is the medium to socialize. It connects brands to customers by engaging with customers online and through social media marketing and blog marketing methods. She pointed out that trust and goodwill are the basis for social networking. Social media marketing is the use of social networks to have a successful marketing communication. Using social media has two benefits for business. Firstly, it decreases the cost of communication by reducing staff time. Secondly, it increases profitability and causes higher return. In addition, social media marketing enables firms to share knowledge, influence consumers and persuade them to help each other and engage in customer evangelism. Therefore, social media marketing can increase brand awareness, customer interaction, and firm reputation.

As Stelzner (2009) explained, business owners are more likely to use social media marketing to promote their firm and its products or brands rather than employees. The major group of users in social media includes people aged 30 to 39 years. In terms of gender, 56% of users are women while 44% are men. The report shows that 72% of marketers use social media marketing. The main benefits of social media marketing include generating exposure of corporate business, increasing customer traffic, creating new business partnerships, rising in search

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rankings, generating qualified leads, reducing overall marketing expenses and developing relationships. In addition, the highest usage of social media marketing belongs to Facebook, Twitter, Linkedin, YouTube, and personal or corporate blogs.

Social media is a channel for spreading electronic word-of-mouth (eWOM). Customers can communicate through social media, such as publishing blogs and creating pages on Twitter and Facebook. This enables them to show quick feedbacks and share ideas, information and experiences. Even a simple like in a post on Facebook has an important meaning. Therefore, marketers and advertisers should redefine their media mix and focus on word of mouth on social media as an alternative for advertising. Electronic word-of-mouth has a higher credibility and lower cost compared to advertising while its scope is limited. Positive eWOM has a positive effect on brand value and can persuade customers to favor a specific brand. In contrast, negative eWOM may reduce consumers’ purchase intentions (Andersen, Weisstein and Nguyen, 2014; Armelini and Villanueva, 2010; Lee, Park and Han, 2008; Shimp and Andrews, 2013). For example, Armelini and Villanueva (2010) found that WOM has increased the box-office revenue of top movies in the United States.

Although researchers have given attention to the replacement of traditional media with the social media, Stephen and Galak (2009) suggested that managers should consider the complementary roles of traditional and social media in driving marketing performance. They found that the role of social media in marketing is not well understood because of the joint effects of traditional and social media on marketing performance and sales volume, the influence of these media on each other, and the mechanisms through which they affect marketing outcomes. Although the impact of a single unit of social media on marketing performance is much smaller than the effect of a single unit of traditional media, the overall effect of social media is considerable. This is because social media is created in larger volumes than traditional media. In addition, social media has a low-margin cost, while the traditional media have high-margin costs. According to Kutnick and Kreisler (2010), social media is an effective marketing communications tool for small businesses. However, they found that most small businesses seldom use social media for their marketing purposes, whereas they widely use the Internet search engines to obtain business information.

Media Mix and Market Orientation

In the last two decades, globalization of markets and the revolution in information technology has removed the barriers to business activities. Therefore, firms have gained the access to larger markets and should serve new consumer groups with different cultures and national preferences (Asgari, Ahmad and Gurrib, 2010; Levitt, 1983). At the same time, implementation of the market orientation strategy, focus on customer needs, and viewing the customer as a resource and the source of competitive advantage require a closer interaction between firms and their customers. This close relationship is achieved mainly by means of the media mix.

In a broader view, the media are sources of information and knowledge for both firm and customers. As García-Murillo and Annabi (2002) stated, firms need to acquire knowledge concerning industry, products, operations, suppliers, employees, customers and competitors. Some parts of this knowledge are useful for customers. Therefore, firms should adopt a customer knowledge management in order to exchange knowledge with customers. Although García-Murillo and Annabi (2002) limited such a knowledge sharing system to the interaction between customers and sales personnel, there is a major role of media in this process. In addition, mass media can dictate its norms and values to firm employees (Maignan, Ferrell and Ferrell, 2005). This effect will target customers as well. This means that media programs may promote specific norms, behavior or consumption pattern among customers.

Media mix can be used as a tool for communicating with customers through integrated marketing communication (IMC). Reid, Luxton and Mavondo

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(2005) examined the relationship between IMC, market orientation and brand orientation. They defined IMC as a philosophy of firm to involve in an ongoing interaction with customers based on brand communication and integrated efforts to send messages to customers and make them aware of the benefits and value of firm products in order to satisfy customer and firm needs and wants mutually. IMC requires adopting a stakeholder approach, connecting with customers and other stakeholders and being responsive to customer preferences. Brand orientation is defined as an ongoing interaction with target customers to create, develop and protect brand identity and gain competitive advantage. IMC can create a synergy by integrating all possible tools for marketing communications. For examples, by using multiple types of traditional media and social media, a firm can reach to a larger target audience, increase the exposure rate of potential customers to ads, and have a greater influence on consumer behavior (Shimp and Andrews, 2013).

As today customers are more sensitive about brands and make their choices based on their perception of familiar brands, a brand-oriented and market-oriented firm uses IMC to communicate with customers and introduce its brand as the symbol of corporate identity. Such interaction increases both the performance of marketing communications and the performance of a brand (Reid, Luxton and Mavondo, 2005). In addition, if customers perceive themselves belonging to the company or customer-company identification increases, they will express a higher level of loyalty and willingness to pay for products and services (Haumann et al., 2014). The important point here is that the media mix can play a vital role in IMC and connect the firm with customers effectively in order to promote brand quality and image. This brand awareness can increase sales volume of firms (Rubinson, 2009; Zufryden, 1987). According to Zufryden (1987), advertising and brand media exposure can shape the purchase behavior patterns of customers so that advertising products or brands can increase purchase rates.

The Conceptual Framework of the Study

In the present research, using the stakeholder approach, a conceptual model is developed to show how the media can play a vital role in creating a market orientation strategy. As Figure 1 indicates, firms interact with customers and external or environmental stakeholders, such as competitors, suppliers and government. This interaction helps the firm to collect information and generate market intelligence that is required for market orientation, which, in turn, yields a superior performance. Media has a mediating role between firm, customers and the environment.

![Figure 1: A Conceptual Framework for the Role of Media in Market Orientation](image)

To explain the role of media, the study proposes following propositions:

**Proposition 1)** Firm’s managers, departments, or employees provide information for media about its

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brands or products for media and use the media as a tool for advertising and promoting the company’s products and brands. Instead, the media provides the firm with information about customer attitudes, competitor actions and government regulations.

Proposition 2) Customers reflect their attitudes toward products or brands and their user experience through the media. Instead, the media provides customers with the information about product attributes and usage, brand quality, substitute products, and the firm strategies.

Proposition 3) Environmental stakeholders, such as competitors, suppliers, government and pressure groups, provide the information about substitute products, supply of materials, rules and regulations, environmental concerns and the expectations of society for the media. Instead, the media provides them with the information about the firm strategies, product attributes, customer attributes, and user experience.

Proposition 4) Firm’s managers, departments or employees generate market intelligence through their interaction with customers, environment and media in order to create a market orientation strategy. Stronger market intelligence will lead to a more successful market orientation strategy.

Proposition 5) Implementing a market orientation strategy will result in the firm’s superior business performance, including financial performance (e.g., higher profits and return) and nonfinancial performance (e.g., greater customer satisfaction and loyalty, higher innovative capacity, and greater job satisfactions and employee commitment).

**Conclusion**

Marketing firms’ products and services in today’s competitive markets requires efforts further than innovation and product engineering. Companies try to be more customer-oriented and invest in customer relationship in order to satisfy the needs and preferences of different segments in the market. The market orientation strategy introduced by Kohli and Jaworski (1990) helps managers to utilize all their resources and coordinate the entire organization in order to increase their flexibility and respond to customer needs and wants on time. This can guarantee firm profitability in the long term and create competitive advantage. Media as a tool to communicate with customers is not only a place for advertising products and services, but also a channel for communicating firms’ strategic concern about customer needs and wants, brand equity, and supporting services. In other words, the central role of the media is to receive and distribute information about the company, its offerings and its policies, as well as feedback about customers’ evaluation, satisfaction and complaints. Therefore, it is necessary to conceptualize the interaction between customers, environment, media, and firm’s managers, departments or employees in generating the marketing intelligence and supporting the market orientation strategy, which leads to superior performance.

**Suggestions for Future Research**

This study is an initial step in studying the role of media in market orientation. There is a rising attention toward the impact of social media in marketing. However, it is soon to limit the media mix to social networks. Therefore, it is necessary to conduct empirical studies about the role of both traditional and social media in integrated marketing communications and the market orientation strategy, and their implication for establishing brand equity.

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