

Competitive advantage in the global marketplace: a focus on marketing strategy

G. Tomas M. Hult^{a,*}, David W. Cravens^{b,1}, Jagdish Sheth^{c,2}

^aEli Broad Graduate School of Management, Michigan State University, East Lansing, MI 48824-1122

^bM.J. Neeley School of Business, Texas Christian University, Fort Worth, TX 76129, USA

^cGoizueta Business School, Emory University, Atlanta, GA 30322-2710, USA

Received 1 December 1998; accepted 5 December 1998

A corporate planning director of a Fortune 500 multinational corporation observes that “the process of strategic marketing is coming to be defined as the management of competitive advantage—that is, as a process of identifying, developing, and taking advantage of opportunities that result in a tangible business advantage.” Consistent with this focus, marketing is facing new and increased challenges from a corporate culture focused on short-term profits while maintaining a sustainable competitive advantage in a volatile global marketplace.

Meeting these challenges requires developing market-driven strategies (Day, 1994). The process involves becoming market-oriented, matching customer value opportunities with the organization’s distinctive capabilities, and developing internal and external strategic relationships. The basic initiative for guiding market-driven strategy begins by developing a market-oriented culture and processes in the organization.

Market orientation is the implementation of the marketing concept, reflected in the values, beliefs, activities and behaviors in the organization (e.g., Converse and Heugy, 1946; Drucker, 1954; Alderson, 1955; McKitterick, 1957; Felton, 1959; Keith, 1960). Several different paradigms and definitions of the construct, market orientation, have been set forth in the literature. Five of the dominant market orientation paradigms are detailed below.

Decision-making perspective: Shapiro (1988) conceptualizes the market orientation concept as a “decision-making

process” where the focus is on the management of the firm to be strongly committed to share information interdepartmentally and practice open decision-making between functional and divisional personnel:

Its far more than the cliché; getting close to the customer . . . the term market oriented represents a set of processes touching all aspects of the company. (Shapiro, 1988, p. 120)

Market intelligence perspective: Kohli and Jaworski (1990) focus on market intelligence (internal and external) in implementing the marketing concept:

Market orientation is the organizationwide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organizationwide responsiveness to it. (Kohli and Jaworski, 1990, p. 6)

Behavioral perspective: Narver and Slater (1990) argue that market orientation involved behavioral aspects such as customer orientation, competitor orientation, and inter-functional coordination in a firm’s efforts to implement the marketing concept:

Market orientation is the organizational culture that most effectively and efficiently creates the necessary behaviors for the creation of superior value for buyers and, thus, continues superior performance for the business. (Narver and Slater, 1990, p. 21)

Strategic perspective: Ruekert (1992) emphasizes the development and execution of a business unit strategy as the main organizing activity of a market orientation (draw-

* Corresponding author. Tel.: +1-517-353-6381; fax: +1-517-432-1112.

E-mail addresses: inmarkcg@aol.com (G.T.M. Hult), d.cravens@tcu.edu (D.W. Cravens), jagdish_sheth@bus.emory.edu (J. Sheth).

¹ Tel.: +1-817-921-7555; fax: +1-817-921-7227.

² Tel.: +1-404-727-0871; fax: +1-404-727-3552.

ing from the works by Kohli and Jaworski, 1990 and Narver and Slater, 1990):

The level of market orientation in a business unit is the degree to which the business unit obtains and uses information from customers, develops a strategy which will meet customer needs, and implements that strategy by being responsive to customer needs and wants. (Ruekert, 1992, p. 228)

Customer perspective: Deshpande et al. (1993) went back to earlier works in marketing and suggest that market orientation is the same as customer orientation:

Customer orientation is the set of beliefs that puts the customer's interest first, while not excluding those of all other stakeholders such as owners, managers, and employees, in order to develop a long-term profitable enterprise. (Deshpande et al., 1993, p. 27)

In synthesizing the various paradigms, we find that market orientation is a phenomenon that has been used to describe elements in the “marketing value chain”. Broadly, the marketing value chain involves the organization’s culture → behaviors → processes → actions → performance. The market-oriented *culture* aspects of the chain have been addressed in several works by Narver and Slater, with *activities and behaviors* being addressed by a number of scholars, primarily related to concepts such as organizational learning (e.g., Day, 1994; Sinkula, 1994; Slater and Narver, 1995; Hult, 1998). *Process* elements associated with market orientation have been researched in a number of studies, led by Jaworski et al. (e.g., Moorman, 1995; Moorman and Miner, 1997). *Action* elements such as responsiveness (Kohli and Jaworski, 1990) and innovation (e.g., Han et al., 1998; Hurley and Hult, 1998) have also been studied in the marketing field but not to the extent of other elements in the value chain. On the other hand, *performance* has been one of the most studied outcome variables of market orientation. However, very few if any studies recognize the notion that market orientation is a part of a firm’s culture (e.g., Narver and Slater, 1990) and the process by which certain means are achieved (e.g., Kohli and Jaworski, 1990). Thus, market orientation values, beliefs, activities and behaviors occur throughout the marketing value chain and have an important role in the firm developing and implementing a marketing strategy.

Because of its importance to firms being successful in the global marketplace, the American Marketing Association devoted a conference to “international marketing strategy” in the summer of 1998. The articles in this special issue of the *Journal of Business Research* were selected from the AMA’s 1998 International Marketing Strategy Conference in Vienna, Austria based on recommendations from the reviewers, track chairs, and editors.

1. The special issue

Seven articles have been included in this special issue on “international marketing strategy.” The importance of marketing strategy in the increasingly turbulent global marketplace, and perhaps market orientation in particular, is evident from the attention devoted to studying this phenomenon in the last decade. A lot can be learnt from both a positive and normative perspective about international marketing strategy. This special issue addresses some of the many international marketing strategy topics of emerging importance.

In the lead article, Jagdish Sheth develops a framework that focuses our attention on a possible paradigm shift from international marketing to integrated marketing. Sheth was the keynote speaker at the conference; his views on international marketing strategy are expressed in the lead article, especially in terms of (1) international differences vs. transnational similarities and (2) functional adjustments vs. cross-functional integration.

Following the article by Sheth is a set of articles that address core issues in international marketing strategy. Jodie Conduit and Felix Mavondo report on a study that investigates the relationship between internal customer orientation and market orientation in Australian multinationals. Albrecht Söllner and Mario Reese develop a framework to segment international markets via the use of the strategic group concept. Isabelle Maignan and O.C. Ferrell develop and test a framework involving antecedents and benefits of corporate citizenship using French multinationals. Michael Brady and Christopher Robertson study the interrelated and sometimes difficult to discriminate constructs of service quality and satisfaction using data from the US and Ecuador. Denise Jarratt and Ramzi Fayed look at the impact of market and organizational challenges on market strategy decision-making in the business-to-business sector in light of global competition. Mary Susan Kennedy, Linda Ferrell, and Debbie Thorne Leclair examine consumers’ trust of the salesperson and manufacturer in an effort to improving relationships and increasing buyer–seller trust in the global marketplace.

References

- Alderson W. A marketing view of business policy. *Cost and Profit Outlook* (December) 1955;8:1.
- Converse PD, Heugy HW. *The Elements of Marketing*. New York, NY: Prentice-Hall, 1946.
- Day GS. The capabilities of market-driven organizations. *J Mark* (October) 1994;58:37–52.
- Deshpande R, Farley JU, Webster FE Jr. Corporate culture, customer orientation, and innovativeness in Japanese firms: a quadrad analysis. *J Mark* (January) 1993;57:23–37.
- Drucker P. *The Practice of Management*. New York, NY: Harper and Row, 1954.
- Felton AP. Making the marketing concept work. *Harv Bus Rev* (July/August) 1959;37:55–65.

- Han JK, Kim N, Srivastava RK. Market orientation and organizational performance: is innovation a missing link? *J Mark* (October) 1998;62:30–45.
- Hult GTM. Managing the international strategic sourcing process as a market-driven organizational learning system. *Decis Sci* (Spring) 1998;29:193–216.
- Hurley RF, Hult GTM. Innovation, market orientation, and organizational learning: an integration and empirical examination. *J Mark* (July) 1998;62:42–54.
- Keith RJ. The marketing revolution. *J Mark* (January) 1960;24:35–8.
- Kohli AK, Jaworski BJ. Market orientation: the construct, research propositions, and managerial implications. *J Mark* (April) 1990;54:1–18.
- McKitterick JB. What is the marketing management concept? In: Bass FM, editor. *The Frontiers of Marketing Thought and Science*. Chicago, IL: American Marketing Association, 1957. pp. 71–81.
- Moorman C. Organizational market information processes: cultural antecedents and new product outcomes. *J Mark Res* (August) 1995;32:318–35.
- Moorman C, Miner AS. The impact of organizational memory on new product performance and creativity. *J Mark Res* (February) 1997;24:91–106.
- Narver J, Slater SF. The effect of market orientation on business profitability. *J Mark* (October) 1990;54:2–35.
- Ruekert RW. Developing a market orientation: an organizational strategy perspective. *Int J Res Mark* 1992;9:225–45.
- Shapiro B. What the hell is market-oriented? *Harv Bus Rev* (November/December) 1988;66:119–25.
- Sinkula JM. Market information processing and organizational learning. *J Mark* (January) 1994;58:35–45.
- Slater SF, Narver JC. Market orientation and the learning organization. *J Mark* (July) 1995;59:63–74.