JoMSS

JOURNAL OF MANAGERIAL SCIENCES AND STUDIES
www.jomss.org

ISSN: 2988-6619
DOI: 10.61160

The Impact of Market Orientation In Corporate Strategy on The Development of New Products

Zainul Wasik[1]
zainul.wasik-2022@feb.unair.ac.id
Department of Management, Faculty of Economics and Business, Airlangga University, Surabaya, Indonesia
Wulan Purnamasari[2]
wulan_purnamasari@dosen.umaha.ac.id
Department of Management, Faculty of Economics and Business, University of Maarif Hasyim Latif, Indonesia.
Lia Febria Lina[3]
liafebrialina@teknorat.ac.id
Department of Management, Faculty of Economics Business, University of Teknokrat, Indonesia.

Info Article

History Article:
Submitted
Revised
Accepted

Keywords:
Marketing Strategy;
Company Strategy;
Customer Orientation

Abstract

In this research, we suggest that corporate strategy affects market orientation, which in turn affects new product activity both directly and indirectly. Thus, we create a framework that connects companies' focus strategies, customer and competitor orientation, and relative emphasis on cost leadership, product differentiation, and focus strategies to new product creation and activity for introduction. Using this approach, we create a simultaneous equations model that is evaluated using survey data from 175 Indonesia companies in the manufacturing sector, spanning various industries and sizes. The unexpected conclusions are that competitor orientation has a negative direct impact on new product activity and a favorable indirect effect through customer orientation, and that a stronger emphasis on a focus strategy leads to a decreased emphasis on consumer orientation. We talk about how these discoveries affect theory and practice.

Dampak Orientasi Pasar Dalam Strategi Perusahaan Terhadap Pengembangan Produk Baru

Abstrak

Dalam penelitian ini, kami menunjukkan bahwa strategi perusahaan dapat mempengaruhi orientasi pasar, yang pada gilirannya mempengaruhi aktivitas produk baru baik secara langsung maupun tidak langsung. Dengan demikian, kami membuat kerangka kerja yang menghubungkan strategi fokus perusahaan, orientasi pelanggan dan pesaing, dan penekanan relatif pada kepemimpinan biaya, diferensiasi produk, dan strategi fokus terhadap penciptaan dan aktivitas pengenalan produk baru. Dengan menggunakan pendekatan ini, kami membuat model persamaan simultan yang dievaluasi dengan menggunakan data survei dari 175 perusahaan Indonesia di sektor manufaktur, yang mencakup berbagai industri dan ukuran. Kesimpulan yang tidak terduga adalah bahwa orientasi pesaing memiliki dampak langsung yang negatif terhadap aktivitas produk baru dan efek tidak langsung yang menguntungkan melalui orientasi pelanggan, dan bahwa penekanan yang lebih kuat pada strategi fokus menyebabkan penurunan penekanan pada orientasi konsumen. Kami membahas tentang bagaimana penemuan ini mempengaruhi teori dan praktik.

INTRODUCTION

The creation and launch of new products are essential to the expansion and success of businesses. There has been a lot of research on what makes a new product successful (Henard & Szymanski, 2001; Montague-Weiss & Calantone, 1994), what happens when a new product is successful (Cardozo, McLaughlin, Harmon, Reynolds, & Miller, 1993; Manu & Sriram, 1996), but not much on how business strategy affects how much work is done within the company to develop and introduce new products (Dro¨ge & Calantone, 1996, p. 559; Zahra, 1993; Zahra & Covin, 1993). Given that new product activity is of strategic relevance to enterprises and is therefore very likely to be influenced by the firm's strategic choices, it is surprising that the relationship between strategy and new product activity has received so little study. A company that prioritizes product differentiation, for example, is more likely to engage in new product development than a company that has a cost leadership strategy (Porter, 1980). Similarly, compared to companies that follow other strategy types, prospector firms are probably more actively engaged in new product activities (Miles & Snow, 1978). Therefore, the main focus of this article is on how firms' relative emphasis on various business strategies affects how much of them are involved in the creation and introduction of new products. Further more, by examining the function of a putative mediator market orientation we want to shed light on the "black box" that exists between strategy and new product activity. According to recent studies, a company's level of market orientation determines how much it engages in new product development (Athuene Gima, 1995, 1996; Han, Kim, & Srivastava, 1998; Hurley & Hult, 1998; Narver, Slater, & MacLachlan, 2000; Ottum & Moore, 1997). Narver et al. (2000, p. 11) summarize this viewpoint by saying that "a market orientation, whether reactive or proactive, is the foun dation for a firm's innovation efforts." According to Deshpande´ (1999), market orientation can be viewed from several perspectives within the company. As a result, it is interpreted in the literature today in two different ways: as an organizational culture and as a collection of behaviors. Market orientation is viewed from a cultural perspective in the first place as a set of agreed organizational principles. It suggests a causal chain that starts with these values and ends with the actual market-oriented behaviors themselves, via norms for market orientation that represent expectations about particular actions (Deshpande´ & Webster, 1989; Homburg & Pflesser, 2000). Given that organizational decisions are unquestionably reflected in business strategy (Porter, 1996), a firm's strategy is also likely to be influenced by its cultural values. Therefore, according to the cultural perspective, corporate strategy would come after market orientation. Behavioral perspectives differ from cultural perspectives in that they define market orientation as a collection of actions and resource distributions that demonstrate an organization-wide responsiveness to the requirements and desires of its customers (Noble, Sinha, & Kumar, 2002; also Kohli & Jaworski, 1990;

Ruekert, 1992). Such actions serve to implement specific choices made by an organization and are therefore likely to flow from the firm's specific strategy (Walker & Ruekert, 1987).

We use the behavioral perspective of market orientation in this paper. As a result, we think of strategy as affecting market orientation rather than the other way around, and we postulate particular relationships between certain strategies and the behavioral elements of market orientation. We take into account the two behavioral components of market orientation customer and competitor orientation in accordance with Narver and Slater (1990). The majority of the extensive literature on market orientation has not distinguished between businesses that are largely competitor-oriented and those that are primarily customer-oriented. Similar to Han et al. (1998), Noble et al. (2002), and Slater and Narver (1994), we treat the market orientation construct as multidimension al. Furthermore, how businesses react to changes in the market, particularly the degree to which they create and launch new items, is probably influenced by their orientation toward consumers or rivals. Consequently, the relationship between a company's business strategy and its new product activity will be at least partially mediated by the degree and kind of that company's market orientation. For instance, a company that primarily employs a differentiation strategy may pursue new product activity in various ways based on whether it is pro-actively focusing on customers or reactively focusing on competitors. A reactive organization will recognize and react to competitors' actions and be more competitor-oriented, whereas a proactive firm would identify and respond to long-term customer needs and be more customer-oriented (Narver et al., 2000; Slater & Narver, 1998). Our conceptualization of market orientation within the context of the business strat egy of the firm conceptualized as an antecedent of market orientation and the actual implementation of this strategy through new product activity conceptualized as a consequence of a specific type of market orientation extends Jaworski and Kohli's (1993) framework of antecedents and consequences of market orientation to a strategic context. It is also consistent with the implementation literature on how strategic marketing choices are executed within the organization (Noble & Mokwa, 1999).

By performing the foregoing, this study contributes to the extant literature in the following ways. First, it contributes to our growing understanding of how strategic decisions made by businesses affect the extent to which internal new product development and introduction activities are carried out. Unlike the majority of current research on new product creation, which focuses on the characteristics that separate successful from unsuccessful products and generally adopts a prescriptive approach, We take a descriptive approach, aiming to determine what strategic variables influence how much a company does a particular, important, market-driven activity, like developing new products. Our focus, then, is not on the new product develop ment process as such (cf. Olson, Walker, & Ruekert, 1995; Sethi, 2000) but on its results, specifically the amount to which new products are produced and introduced by enterprises (cf. Zahra, 1993). Second, we may gain a better understanding of how business strategies influence the actual implementation of cross-functional activities within the company by looking at the potential mediating role of market orientation as a set of behaviors. Third, our approach sheds light on the role of the marketing function within the company and its contribution to the implementation of the firm's strategic choices (Anderson, 1982; Homburg, Workman, & Krohmer, 1999). This is because market orientation refers to the implementation of the marketing concept within the firm (Kohli & Jaworski, 1990). Considering that some have questioned the marketing function's role in the company's new product development (Workman, 1993) and that businesses must be both customer- and market-oriented (Christensen & Bower, 1996), our approach directly addresses a significant issue of business practice (Slater & Narver, 1998).

This paper is organized as follows. First, we go over a conceptual framework that connects the type and degree of a company's market orientation and new product activity to its business strategy. Subsequently, we utilize this framework to develop hypotheses pertinent to our research goals.

After that, we go over the strategy we use to test these theories, give the study's findings, and talk about how they affect future research and applications. We wrap up by outlining the study's short comings and offering suggestions for additional research.

Conceptual Framework

We create the following framework for the impact of corporate strategy on market orientation and new product activity based on the literature on marketing, strategy, and product innovation (see Fig. 1).

Three primary connections are proposed by the framework: (i) a direct relationship between strategy and new product activity; (ii) business strategy's impact on market orientation; and (iii) market orientation's impact on new product activity. As a result, we make the following hypotheses on the direct and indirect effects of strategy on businesses' new product activity.

A firm's strategy will undoubtedly have a direct impact on level of innovation in new product development. The goal of strategic planning, according to Simon (1993), is to "assure a stream of new ideas that will allow the organization to continue to adapt to its uncertain external environment." Page 141. Since innovation is a fundamental tool for adaptation, strategy will probably have a big impact on it. Furthermore, the kind of strategic decisions a company makes will also determine how much of it pursues new product development. As per the argument made by Miles and Snow (1978), prospector firms tend to be more innovative than defender firms. Similar to this, differentiator firms may engage in more new product development than organizations pursuing other strategy types in an effort to set themselves apart (Porter, 1980). To better understand how strategy affects product innovation, it is crucial to distinguish between different sorts of strategies. In the following part, we shall employ Porter's (1980) strategy categories to accomplish this. Porter's (1980) typology of business strategy is the one we use, despite the existence of several other typologies (e.g., Miles & Snow, 1978; Mitchell, 1973). This is because Porter's typology is one of the most popular (e.g., Dess, Lumpkin, & Covin, 1997; Homburg, Krohmer, & Workman, 1999; Kotha & Vadlamani, 1995) and has garnered significant empirical support over time (Campbell-Hunt, 2000; Dess & Davis, 1984; Miller & Friesen, 1986; Robinson & Pearce, 1988).

The idea that functional marketing activities, or behaviors connected to the collection, sharing, and responsiveness to information on customers and competitors (Kohli & Jaworski, 1990), are likely to be influenced by strategic choices at the business level (Slater & Olson, 2001; Walker & Ruekert, 1987) is the foundation for the relationship between strategy and market orientation. As a result, the strategy a company chooses will determine how much the behavioral dimension of market orientation represents a customer or competitor orientation. Furthermore, it has been discovered that these actions differ consistently depending on the type of strategy (Lukas, 1999). Thus, under our framework, we envision particular connections between various strategies and the behavioral elements of market orientation. Observe that we would naturally expect strategy to drive market orientation rather than the other way around, in line with the behavioral perspective of market orientation that we adopt. However, to the degree that they are ingrained in organizational norms and values, the behaviors linked to responsiveness to customers and competitors may be indicative of a market-oriented organizational culture (cf. Narver & Slater, 1990).

Based on extensive marketing research on the effects of market orientation, there is a connection between market orientation and new product activity. Accordingly, Han et al. (1998) find empirical evidence for their theory that innovation is the missing piece in the market orientation – performance relationship. Similarly, Hurley and Hult (1998) concentrate on how organizational antecedents, such market and learning orientation, affect a firm's capacity to successfully embrace or execute new concepts, procedures, or goods. According to their research, a firm's new product activity is likely to be greatly influenced by market orientation, which entails inter-functional activity. More recently, a positive correlation between a firm's innovation activity and both proactive and reactive market orientation has been proposed and supported by Narver et al. (2000). And finally, research on product innovation has also found strong support for the stimulating influence of market intelligence on new product activity and success (Ottum & Moore, 1997).

We create the following framework for the impact of corporate strategy on market orientation and new product activity based on the literature on marketing, strategy, and product innovation (see Fig. 1).

Three primary connections are proposed by the framework: (i) a direct relationship between strategy and new product activity; (ii) business strategy's impact on market orientation; and (iii) market orientation's impact on new product activity. As a result, we make the following hypotheses on the direct and indirect effects of strategy on businesses' new product activity.

A firm's strategy will undoubtedly have a direct impact on level of innovation in new product development. According to Simon (1993), "The goal of strategic planning is to ensure a stream of fresh concepts that will enable the company to keep changing to meet the demands of its unpredictable external environment (p. 141). Since innovation is a fundamental tool for adaptation, strategy will probably have a big impact on it. Furthermore, the kind of strategic decisions a company makes will also determine how much of it pursues new product development. As per the argument made by Miles and Snow (1978), prospector firms tend to be more innovative than defender firms. Similar to this, differentiator firms may engage in more new product development than organizations pursuing other strategy types in an effort to set themselves apart (Porter, 1980). To better understand how strategy affects product innovation, it is crucial to distinguish between different sorts of strategies. In the following part, we shall employ Porter's (1980) strategy categories to accomplish this. Porter's (1980) typology of business strategy is the one we use, despite the existence of several other typologies (e.g., Mintzberg, 1973; Miles & Snow, 1978). This is because it is one of the most popular (e.g., Dess, Lumpkin, & Covin, 1997; Homburg, Krohmer, & Workman, 1999; Kotha & Vadlamani, 1995) and has garnered significant empirical support over time (Campbell-Hunt, 2000; Dess & Davis, 1984; Miller & Friesen, 1986; Robinson & Pearce, 1988).

The link between strategy and market orientation builds upon the notion that functional marketing activities, i.e., behaviors related to the gathering, dissemination and responsiveness to information on customers and competitors (Kohli & Jaworski, 1990), are likely to be influenced by strategic choices at the business level (Slater & Olson, 2001; Walker & Ruekert, 1987). As a result, the strategy a company chooses will determine how much the behavioral dimension of market orientation represents a customer or competitor orientation. Furthermore, it has been discovered that these actions differ consistently depending on the type of strategy (Lukas, 1999).

Thus, under our framework, we envision particular connections between various strategies and the behavioral elements of market orientation. Observe that we would naturally expect strategy to drive market orientation rather than the other way around, in line with the behavioral perspective of market orientation that we adopt. Nevertheless, the behaviors connected to customer and competitor responsiveness may be symptomatic of a market-oriented organizational culture to the degree that they are embedded within organizational values and norms (cf. Narver & Slater, 1990).

Based on extensive marketing research on the effects of market orientation, there is a connection between market orientation and new product activity. Accordingly, Han et al. (1998) find empirical evidence for their theory that innovation is the missing piece in the market orientation–performance relationship. Hurley and Hult (1998), in a similar spirit, concentrate on the impact of organizational antecedents, such as market and learning orientation, on the firm's capacity to successfully embrace or execute new concepts, procedures, or goods. According to their research, a firm's new product activity is likely to be greatly influenced by market orientation, which entails inter-functional activity. More recently, a positive correlation between a firm's innovation activity and both proactive and reactive market orientation has been proposed and supported by Narver et al. (2000). And finally, research on product innovation has also found strong support for the stimulating influence of market intelligence on new product activity and success (e.g., Ottum & Moore, 1997).

In summary, our framework suggests that the degree to which a firm engages in new product activity depends on two factors: the strategic decisions it makes (more innovation will come from some strategies than from others) and the degree to which its strategy affects the kind and degree of its market orientation (more innovation will come from one orientation than from the other). As a result, we propose that market orientation plays a partially moderating role in the relationship between new product activity and business strategy.

Using the framework, we are now able to formulate precise hypotheses that relate different business strategies to market orientation and the development of new products.

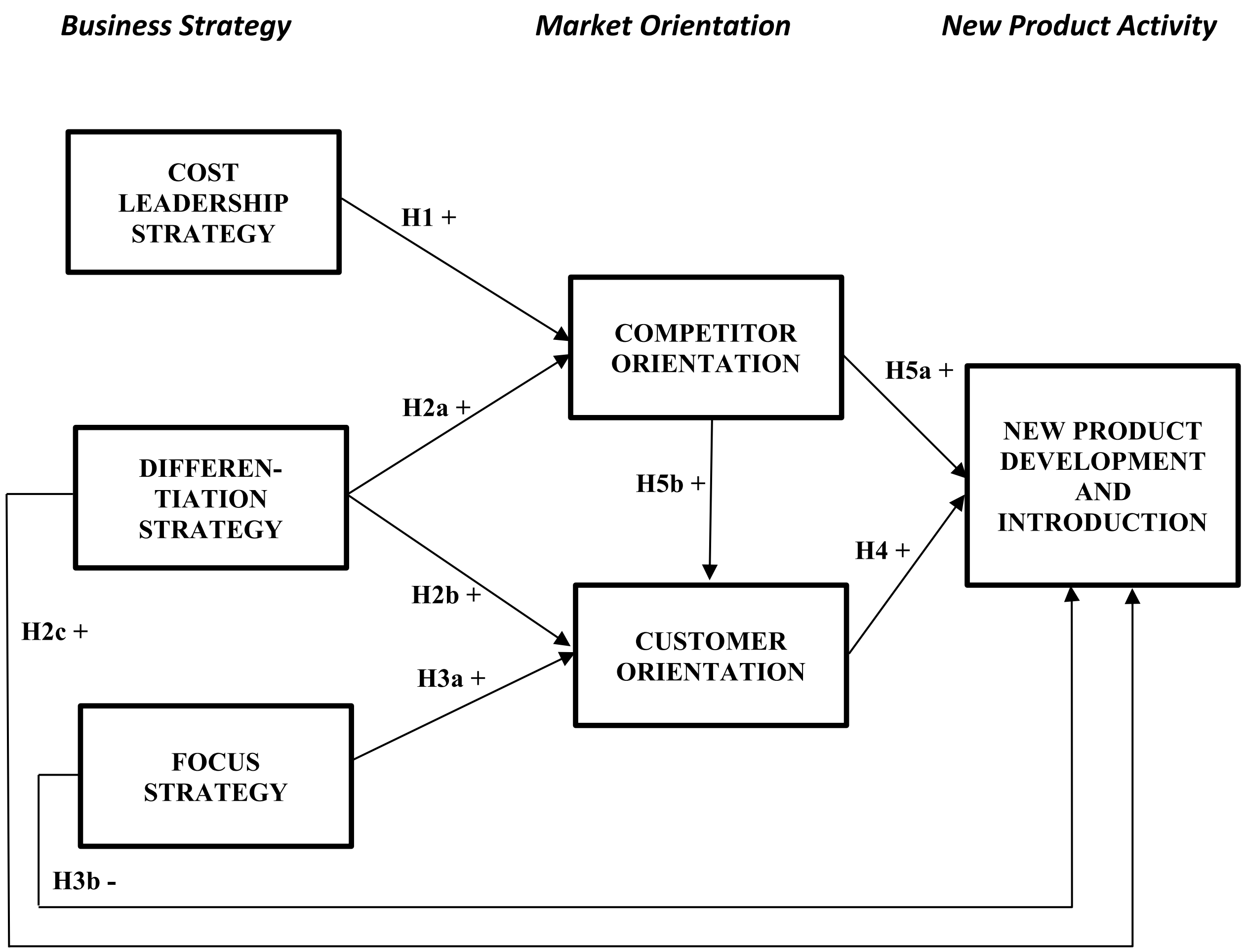

Fig. 1. Business strategy's impact on market orientation and new product activity framework

HYPOTHESIS

Using our framework as a guide, we first offer hypotheses connecting various business strategies to market orientation and the creation and launch of new products by companies. Next, we offer theories that connect the two categories of market orientation to new product development.

Theories relating market orientation, new product development, and business strategies

Cost Leadership Strategy

The strategy of cost leadership is aimed at achieving an above-average return on investment within an industry by means of ‘‘a high relative market share or other advantages such as favorable access to raw materials’’ (Porter, 1980, p. 36). As a result, cost leadership necessitates a heavy emphasis on the market's supply side rather than its demand side. Businesses using a cost leadership strategy, in particular, need to constantly compare their costs to those of their rivals to determine how profitable they are in relation to other businesses. High levels of competitor orientation are necessary for this (Day & Wensley, 1988). As a result, we anticipate that cost leaders will focus more on competitors than on customers. Furthermore, as cost leadership roles are typically attained by improving already-existing models or products, cost leaders are unlikely to be involved in the development and introduction of new goods (Dess & Davis, 1984). Therefore, after adjusting for any potential indirect effects through competitor orientation, we do not anticipate a direct impact of a cost leadership strategy on new product activity. To summarize, thus:

H1: The degree to which a company prioritizes achieving cost leadership influences its competitive orientation in a favorable way.

Differentitation Strategy

The general differentiation strategy entails establishing a market position that is thought to be distinct within the sector and that will last over the long run (Porter, 1980). Such distinctions may be made in terms of technology, features, customer services, distribution, design or brand image, and so on. Differentiator businesses, in particular, add value for their customers by providing exceptional items at competitive pricing along with excellent customer service (Walker & Ruekert, 1987). The efficacy of a differentiation strategy is contingent upon the firm's ability to effectively reconcile the costs and benefits of the product for the client in comparison to rival offerings (Slater & Olson, 2001). As a result, implementing such a strategy calls for a deep comprehension of both client demands and the positioning of rival companies (Day &Wensley, 1988; Porter, 1996). So, a company's focus on distinction will have a favorable impact on its rival and customer orientation.

In addition to its indirect consequences through market orientation, we anticipate a differentiation strategy's direct impact on new product activity. In particular, enterprises that embrace technology as a main strategy of obtaining competitive advantage, differentiate them selves through products that incorporate cutting-edge technology (Hamel & Prahalad, 1991; Miller, 1986). Gatignon and Xuereb (1997) discovered, for instance, that companies with a strategic orientation towards technology advertised items that were more radical, less comparable to rival offerings, and offered more advantages. Considering their goal of creating new goods that generate fresh market prospects, technology-focused differentiators are probably going to take part in creative actions that are not specifically focused on customers or rivals (see Workman, 1993). Specifi cally, customers may not be a fruitful source of ideas for radical new products (Berthon, Hulbert, & Pitt, 1999); indeed, research suggests that a customer orientation may be harmful for innovation in such cases as it can stimulate myopia for new opportunities (Christensen & Bower, 1996). Similarly, a competitor orientation may not be necessary either as the firm’s focus is likely to be beyond the products already offered (and technology currently used) in the mar ketplace (Berthon et al., 1999). Therefore, in addition to any indirect effects via market orientation, we anticipate that distinctiveness will also directly influence new product activity. Consequently:

H2a: The degree to which a company prioritizes following a differentiation strategy influences its customer orientation in a favorable way.

H2b: The degree to which a company prioritizes following a differentiation strategy influences its competitive orientation in a favorable way.

H2c: A company's level of new product activity is positively correlated with how much focus it places on pursuing a differentiation strategy.

Focus Strategy

The general focus strategy calls for providing exceptional customer service to a very specific target market. A focus strategy is based on the firm's ability to "serve its narrow strategic target more effectively or efficiently than competitors who are competing more broadly," according to Porter (1980) (p. 38). As such, this method necessitates a deep comprehension of the target segment's consumer base. Therefore, companies that prioritize a focus strategy more are probably very customer-focused (refer to Campbell-Hunt, 2000, p. 143). Businesses that emphasize a focus approach more than competitors are unlikely to be competitor-oriented as niche marketers operate in a particular segment of the market that is comparatively free of competition.

Additionally, theory indicates that focusing on beyond the indirect impacts of market orientation on new product activity. Focus firms, like differentiators, may also seek to use innovation to meet the requirements of their clients. This could imply that focus firms are heavily involved in the development of new products. However, focus firms differ from differentiators in at least three respects (Porter, 1980). Due to these distinctions, focus firms—differentiators in particular—are probably going to participate in far less new product activity than other firms. First, compared to differentiators, focus firms target more specific markets. Given that the size of the target market is closely linked to product breadth (Campbell-Hunt, 2000, p. 138), focus firms will need to create and manage far smaller product assortments than differentiators. Second, compared to differentiators, focus firms target fewer segments. While differentiators are widely based, with industry-wide aims that lead them to target several segments, focus firms attempt to address the demands of a particular, distinct group of clients rather than that of the mainstream market (cf. McDougall, Covin, Robin son, & Herron, 1994). Once more, this suggests that focus firms will need to undertake a much less overall volume of new product activity than differentiator firms. In particular, differentiators will have to create and launch a lot more items than focus firms since consumer preferences will vary both inside and between target segments. Lastly, organizations with a focus select market segments with low levels of competition. Focus firms therefore experience far less pressure from the competition than do differentiators or cost leaders. It follows that focus firms would need to undertake less new product development than other firms as they are not under as much competition as other enterprises. Zahra (1993) discovered that focus firms participate in new product activities less than other types of firms, which lends credence to this theory. In a similar vein, Campbell-Hunt (2000, p. 143) discovered that while focus and new product activity did not correlate positively, differentiation and new product activity did. To sum up, thus:

H3a: The degree to which a company prioritizes following a focus plan positively impacts its client orientation;

H3b: The amount of new product activity a company engages in is directly impacted negatively by how much attention it places on following a focus strategy.

Hypothesis Linking Market Orientation With New Product Activity

Customer Orientation

Businesses might approach the creation and introduction of new products in a proactive or reactive manner. Businesses that adopt a proactive strategy have a strong emphasis on meeting the needs of their clients; they dedicate all of their attention to finding ways to meet their wants, both explicit and implicit (Slater & Narver, 1998). These businesses develop new concepts and goods based on market research that are intended to meet consumer demands without regard to the actions of rivals (Montoya-Weiss & Calantone, 1994). In the early phases of the new product development process, these companies frequently collaborate closely with clients, who may be other businesses (Gruner & Homburg, 2000). Von Hippel (1988) calls these kinds of clients "lead users." In order to create products that meet consumer needs and can eventually be commercialized on a bigger scale, companies that take the initiative to engage in new product activities identify lead consumers early on in the process. Deshpande´, Farley, and Webster (1993) and Han et al. (1998) indicate favorable connections between organizational innovativeness and customer orientation, which is consistent with these observations. In light of these discoveries, we postulate:

H4: The amount of new product activity a company engages in is positively correlated with its relative emphasis on client orientation.

Competitor Orientation

Businesses can take one of two approaches when it comes to developing new products: they can use "me-too" or "second-but-better" reactionary tactics. Consequently, there are two ways in which a relative emphasis on competitor orientation might affect new product activity: directly and indirectly. Me-too companies assess their product offerings against comparable competitors on a regular basis. When competitors' new products save money, businesses may decide to directly copy them in an effort to gain a cost advantage or prevent a cost disadvantage. For instance, the company might imitate a competitor's product if it uses more affordable technology (Booz, Allen & Hamilton, 1982). As an alternative, me-too companies may attempt to imitate rival product offerings in an effort to maintain a competitive advantage. These companies have a reputation for concentrating on swiftly imitating a rival's new product while paying little attention to consumer demands (Calantone & Cooper, 1981; Urban & Star, 1991). Lukas and Ferrell (2000) discovered that companies that pursue a competitor orientation tend to launch a greater number of me-too items. Consequently:

H5a: A firm's level of new product activity is positively correlated with its relative emphasis on competition orientation.

Unlike me-too companies, those that adopt a second-but-better strategy wait for competitors to release new products, assess them as opportunities or threats, and then adapt by creating a new product that is better tailored to the needs of the target market (Nadler, 1991; for a comprehensive analysis of the advantages of imitation strategies generally, see Schnaars, 1994). For a second-but-better strategy to succeed, companies must assess other positioning opportunities beyond those already pursued by their rivals. To do this, it is necessary to comprehend the benefits that consumers value. Based on this knowledge, these businesses can either create items with unique features not found in rival offerings, or they can introduce products that are strikingly similar to rival offerings but positioned differently. Before a new product is created or released, both strategies demand that the company add a customer orientation to its competitor orientation.

This claim is supported by earlier studies on managers' cognitive maps. In the context of new product activity, "customer orientation is the most important aspect of their firm's market orientation," according to a recent survey of managers by Tyler and Gnyawali (2002) (p. 273). According to the study, customer orientation is improved by competitor orientation, not the other way around. Furthermore, given their understanding of the demands of their target customers, businesses that prioritize serving customers may be less likely to concentrate on rivals. Similarly, managers at customer-oriented businesses "do not track the competition to any great degree, but instead rely on their customers to tell them how they compare with competitive offerings," according to Day and Nedungadi (1994). (page 41). Therefore, there may be far less of a requirement for competitor-oriented organizations to also be customer-oriented than for customer-oriented firms to also be competitor-oriented. Therefore, rather than the other way around, we anticipate that competitor orientation will favorably affect customer orientation. Thus, a second-but-better approach raises the possibility of a different course of action and an incorrect correlation between rival direction and new product activity. Consequently:

H5b: Through an improved customer orientation, a company's relative emphasis on competition orientation positively indirectly influences the level of new product activity.

METHOD

Data Collection and Sample Selection

We used a comprehensive postal survey of Indonesia manufacturing companies to evaluate our hypothesis. Three levels of sequential pre-testing were conducted on the survey questionnaire (see Churchill, 1979). Initially, scales that had already been developed and published in the literature were used to create an early version of the questionnaire. Second, regarding the questionnaire's face validity, specialists from academia and a top business-to-business market research firm were consulted. Third, managers from 12 big and medium-sized companies were personally interviewed. These managers included general managers as well as functional area managers in charge of production, sales, marketing, and finances. We investigated whether responses varied for managers of various kinds or levels in this way, and we discovered that this was not the case. The questionnaire had to be completed by all managers in front of the researcher. Questions with ambiguities and imprecise answers were noted. Based on the feedback we received, some items were changed and some removed.

The empirical investigation was carried out with manufacturing companies that had at least ten employees. Because manufacturing companies were thought to be more likely to offer variance in the study's variables of interest, the study concentrated on them rather than service providers. Manufacturing firms find it easier to define and measure a cost leadership strategy than service organizations, for example, because manufacturing expenses are easier to monitor. Further more, among manufacturing companies as opposed to service enterprises, new goods are easier to detect and measure since they have a better definition (De Brentani, 1989).

The sample was selected at random from the population of all Indonesia manufacturing companies. One of the expert market research agencies offered the database. The general managers of the selected companies received the questionnaires over mail. The questionnaire was to be completed by the company's general manager or any other management who was aware of the company's business plan, market focus, and new product initiatives, according to the letter that went with it. We considered the respondent's subject-matter expertise to be more significant than their job title because the pre-test revealed no discernible variations in the responses depending on the type or degree of management. Thus, we emphasized that the respondent need to be the primary source of information within the company regarding the topics under investigation. After two weeks, a phone reminder was sent. Out of a total of

1500 questionnaires distributed, 177 were returned, signifying a 12.5% response percentage. Naturally, this is a cautious estimate because not all of the questionnaires that turned out to be undeliverable or those were incorrectly addressed were corrected. Additionally, the response rate is in line with other mail surveys in related business-to-business studies (Gatignon & Xuereb, 1997, for example).

Five incomplete questionnaires were discarded because they were not useful. We also removed seven questionnaires from which the responder stated that their company did not operate as a new product manufacturer, but rather as a distributor, assembly factory, or major maintenance organization. Consequently, 175 questionnaires were used in additional analysis. We contrasted early and late responses with respect to the research variables in order to look into possible non-response bias in the data (Armstrong & Overton, 1977). This approach is justified by the fact that late responders resemble non-respondents more than early respondents do. We compared the means of all the items and discovered no statistically significant differences between early and late responders, suggesting that response bias is not present in our data.

We compared the sample's characteristics to the population's in terms of firm size and industry type in order to further investigate any potential bias (see Table 1). The respondents were spread across various firm sizes and a representative spectrum of manufacturing industries. There is little variation in the distribution of industries between our sample and the population. A correlation coefficient of 0.727 ($p<0.05$) was found in the correlation study between the two distributions. The characteristics of our sample also well depict the size distribution of enterprises ($R=0.927$, $p<0.01$). In our sample, however, businesses with more than ten employees are overrepresented. This is a result of the fact that we eliminated companies with fewer than ten employees due to the study's emphasis. Lastly, the majority of responders worked as functional (21%) or general (58%) managers. Because of this, the majority of our responses come from people who are most knowledgeable about the topics covered in the questionnaire, which improves the validity of our data.

Measures

Our market orientation and company strategy metrics were developed using multiple-item scales that had been tried and tested in earlier research. Every measure employed a five-point Likert scale, with the options being "strongly disagree" and "strongly agree." Following a scale-purification procedure which we go over in the next section the measurement scales were obtained. For the used items and their reliability coefficients, means, and standard deviations.

A company's performance on each of the three business strategies differentiation, cost leadership, and focus was used to gauge its business strategy. Likert scales with several items were used to operationalize each of these tactics. The items were modified from earlier empirical research that looked at these tactics as well as from Porter's (1980) explanation of them. A four-item scale based on Homburg et al. (1999), Miller (1988), and Porter (1980) was used to measure differentiation. A five-item scale based on Chandler and Hanks (1994), Narver and Slater (1990), and Porter (1980) was used to assess cost leadership. A four-item scale based on Segev (1987) and Narver and Slater (1990) was used to operationalize focus. It is generally acknowledged that businesses may concurrently pursue a variety of competitive strategies, despite the fact that business strategy has frequently been considered as a categorical variable in the strategy literature (e.g., Walker & Ruekert, 1987). According to Campbell-Hunt (2000), conceptually, we consequently view the three business strategies of focus, differentiation, and cost leadership as complimentary rather than antagonistic. We achieve this methodologically by permitting a firm's business strategy to change concurrently on all three strategies. As a result, a company may perform equally well (or poorly) across the three typical methods.

Market orientation was defined as the degree to which the company engages in behaviors linked to comprehending and reacting to both consumers and competitors, in line with the behavioral perspective we take. We incorporated questions on information processing and organizational responsiveness to consumers and competitors, in particular, building on operationalizations in other research that use the behavioral concept of market orientation (see Han et al., 1998; Kohli, Jaworski, & Kumar, 1993). Responses on a six- and five-item scale were used to determine a company's level of customer or competitor orientation. Similar to our strategy measure, there was no presumption that these orientations would conflict with one another.

Lastly, there were two different metrics applied to the new product activity. The number of new goods that the company actually had on the drawing board as well as the number that it had introduced the year before the poll (cf. Zahra, 1993) were questions that respondents were asked to answer. For new product activities, quantitative measurements were favored above more subjective, perceptual ones. This prevented common method bias and ensured an operationalization independent of the ones employed for other variables in the framework, particularly those pertaining to market orientation. Furthermore, the fact that all of the respondents were from manufacturing companies that dealt with other businesses directly reduced the possibility that they gave answers based on varying interpretations of what "new products" meant. However, to be sure this was the case, we carried out a post hoc survey. We phoned a subsample of the firms in our original sample that we had chosen at random.

Of the 46 responding companies, 34 (74%) said they saw new products as "new" in both radical and incremental ways; 9 (19%) said they saw new products as "new" in just radical ways; and 3 (6%) said they did not know. These results offer compelling proof that the majority of sample participants conceptualized new items in a manner comparable to what they did while responding to our survey.

RESULT

The Mediating Role of Market Orientation

One of the main tenets of our concept is that market orientation acts as at least a partly mediating factor between corporate strategy and new product activity. Four requirements must be satisfied for comprehensive mediation to take place (Baron & Kenny, 1986). First, the dependent variable (new product activity) should be influenced by the antecedent independent factors (business strategies). In order to investigate this, we constructed a model that included the three business strategies and discovered that distinctiveness (b=0.10,2 p<0.005) and focus (b=0.11, p<0.005) had a substantial impact on new product activity. Second, the mediator (market orientation) should be influenced by corporate strategy. We tested this by estimating a model of the three business strategies on market orientation that collapsed into a single construct3 (cf. Han et al., 1998) and discovered that the two factors that significantly influence market orientation are differentiation (b=0.45, p<0.005) and cost leadership (b=0.17, p<0.05). Third, the dependent variable (new product activity) ought to be influenced by the mediator (market orientation). This was confirmed to be true (b=0.14, p<0.005). Lastly, while keeping an eye out for the direct effects of the independent variables (business strategies), the mediator (market orientation) should have an impact on the dependent variable (new product activity). The findings suggest that the requirement is not entirely met. Market orientation has a considerable impact on new product activity (b=0.04, p<0.010), but so do differentiation (b=0.08, p<0.005) and focus (b=0.06, p<0.05). When combined, these findings provide credence to the idea that market orientation plays a partially mediating role in the relationship between business strategy and new product activity (see Baron & Kenny, 1986).

Business Strategy, Market Orientation and New Product Activity

The findings substantiate H1. As expected, cost leadership has a favorable and significant impact on competitor orientation (b8=0.15, p<0.05).

H2a and H2b are supported by the data. To be more precise, differentiation, as expected, significantly positively affects competitor orientation (b6 =0.40, p<0.005) and customer orientation (b1 =0.43, p<0.005). Additionally, differentiation positively and significantly influences new product activity (b10 =0.12, p<0.05), supporting H2c.

The results indicate a negative effect (b2= 0.12, p<0.05) of focus on customer orientation, in contrast to H3a's positive

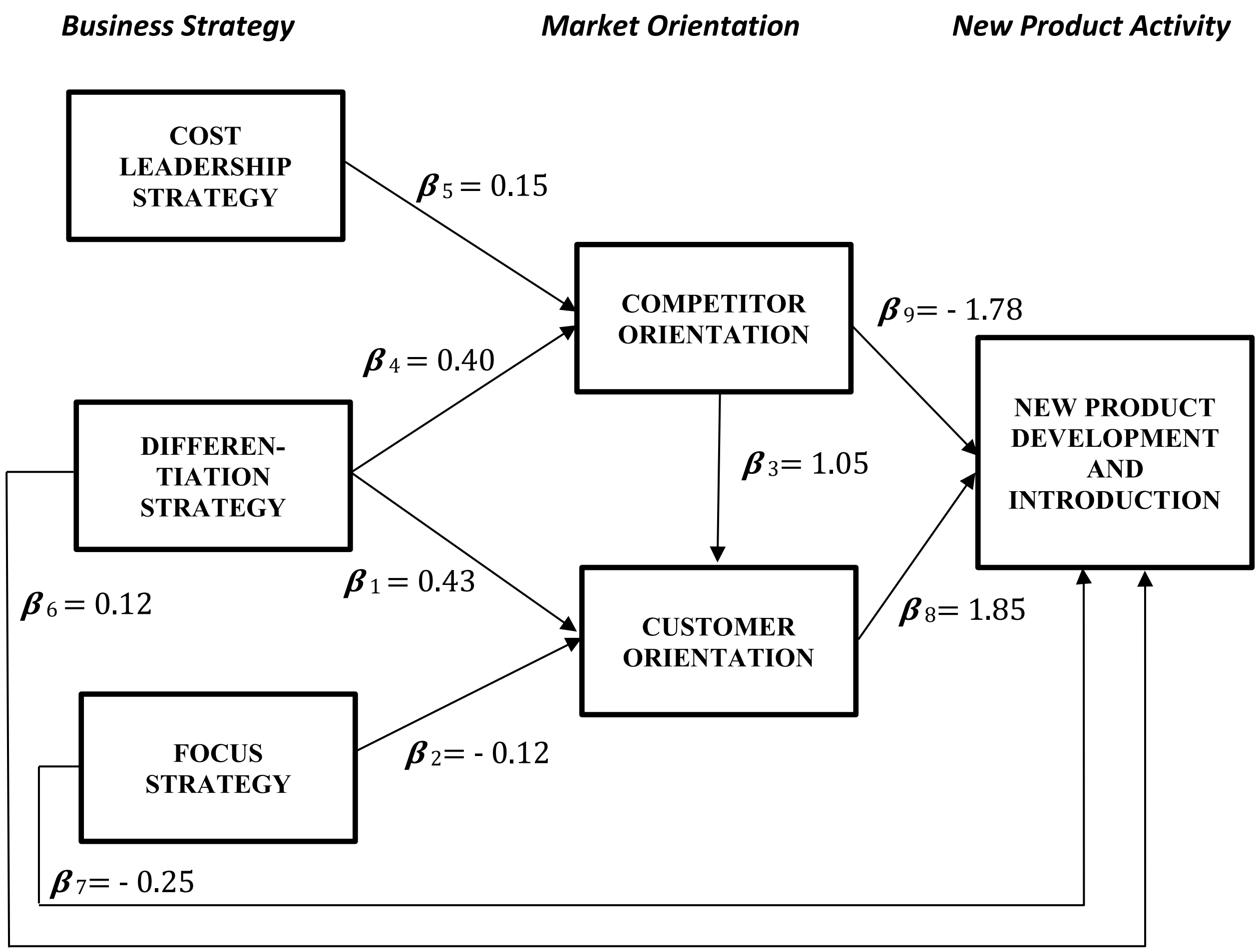

Fig. 2. Findings regarding how business strategy affects market orientation and new product development. Based on standardized variable scores, significant coefficients from the 3SLS results are provided.

influence hypothesis. But since attention has a detrimental impact on new product activity (b11=0.25, p<0.005), H3b is supported.

Customer orientation positively affects new product activity, supporting H4 (b13=1.85, p<0.005). Competition orientation, on the other hand, has a negative impact on new product activity (b14 =1.78,p<0.005), in contrast to H5a. Nonetheless, H5b is supported by the fact that rival orientation positively and significantly affects consumer orientation (b4= 1.05, p<0.005).
Ultimately, it was discovered that the impact of cost leadership on customer orientation was the only non-hypothesized effect that was significant (b3=0.14, p<0.05).

All things considered, the 3SLS data offer strong evidence in favor of our theories and a partially mediating role for market orientation in the strategy it means NPA connection.

DISCUSSION

Overall, the study's findings support our conceptual framework and theories. The findings demonstrate that company strategy simultaneously influences new product activity in two ways: directly and indirectly through market orientation. Further precise conclusions are also supported by the data. First, there is strong evidence to support our broad assertion that a firm's strategy affects the type and degree of its market orientation. Companies that prioritize differentiation or cost leadership are more likely to focus on their customers as well as their competitors. Furthermore, the findings corroborate the assertion that distinct priorities for distinct aspects of market orientation result in differing levels of innovation in new product development. Therefore, a stronger focus on the needs of the client directly results in more innovative product development. On the other side, higher competition orientation only indirectly increases new product activity through increased customer orientation, and therefore has a negative direct impact on new product activity. Lastly, in addition to its indirect effects through market orientation, business strategy also directly affects the activity surrounding new products. Furthermore, client orientation is less important when a focus strategy is prioritized more. Therefore, a firm's amount of new product development diminishes as focus grows and differentiation increases. Since cost leaders are also more customer-focused, they also exhibit higher levels of new product activity indirectly.

Our study revealed three unexpected results that warrant additional discussion: (i) the detrimental impact of a focus strategy on customer orientation; (ii) the detrimental impact of competitor orientation on new product activity; and (iii) the beneficial impact of a cost leadership strategy on customer orientation. We spoke with managers of numerous companies that were comparable to the ones in our sample in follow-up interviews to get further insight into these findings. We address these unexpected findings by integrating the insights from these interviews with other pertinent research.

The Detrimental Impact of a Customer-Oriented Focus Strategy

A potential explanation for this phenomenon is offered by Hamermesh, Anderson, and Harris's (1978) study of prosperous niche marketers. According to their research, niche businesses: (1) concentrate only on areas in which they have particular competencies; (2) utilize resources for research and development effectively; and (3) give operations a high priority. Put another way, the reason specialized companies outperform other businesses in the sector is that they concentrate on a small market while concentrating on a particular technology. The manager of a laser-focused company that we spoke with stated: "We look at our own possibilities first and then listen to the customer." According to a different manager from a company of a similar nature, "distinctive technology and quality matter most to us." Therefore, as Workman (1993) found in his extensive analysis of a company specializing in computer services, marketing's function in concentrated enterprises may be restricted. The reasoning put out by the managers we spoke with also sheds light on the reason why, as our study revealed, a relative emphasis on a focus strategy has a detrimental impact on new product activity.

Our findings could also be explained by the resource scarcity that focus enterprises are likely to experience. These businesses might invest less time and money in customer research and new product development since they lack access to resources. Alternatively, they can invest resources in making the most of and/or enhancing their distinctive current portfolio. Brush and Chaganti (1998) draw this conclusion after examining the relationship between strategy, resources, and performance among service and retail firms operating in the United States. They note that "there are certain contexts," such as those involving firms with limited resources, in which "strategy choice matters less than resources" (p. 253). This finding supports the resource-based view of the firm (Wernerfelt, 1984) over the market orientation view that has dominated recent marketing literature, to the extent that our finding is attributable to the resource scarcity that niche firms face (after controlling for firm size, which showed no effect).

The Detrimental Impact Of Rivalry On The Development Of New Products

According to our findings, companies that prioritize their competitors either don't do as much work on new products or only do so when they also prioritize their customers more highly. The former perspective is in line with Han et al.'s (1998) conclusion that there is no correlation between a firm's innovative activities and its competitive orientation. This is also consistent with the finding by Narver et al. (2000) that a proactive market orientation is more highly related to innovation than a reactive market orientation, to the extent that a greater customer orientation reflects a more proactive market orientation than does a greater competitor orientation (cf. Slater & Narver, 1998). Our discovery that competitor-oriented businesses only take on more new product development when they are also more customer-oriented implies that pure imitation, or me-too, strategies which involve copying a competitor's product right away after it launches without conducting any kind of market research are extremely uncommon. Following competitor intelligence, reactive tactics probably incorporate some customer research, either to test the me-too product on customers or to improve the competitor's product in relation to the target market (cf. Schnaars, 1994). The substantial correlation between customer and competitor orientation that we identified in this study further illustrates the necessity of understanding competitors and customers in order to innovate successfully as markets get more competitive. The general manager view that market orientation essentially relates to "a central focus on the customer" and that product development is thus driven by "beginning with customers and evaluating how we can satisfy their needs" also supported our finding that customer orientation, rather than competitor orientation, drives new product activity.

The Cost Leadership Strategy's Beneficial Impact On Customer Orientation

According to our research, companies that pursue a cost leadership strategy should also keep a close eye on their clients in addition to their rivals. This could be due in large part to the fact that cost leaders must determine if cost benefits should be passed on to customers by comprehending the factors that influence perceived consumer value. Additionally, in order to decide how best to minimize the marketing effort, a thorough understanding of the target market is necessary. Both elements are crucial since they have a significant impact on profitability (Slater & Olson, 2001). Customers may also be a valuable source of information on competitors' cost positions, particularly in business-to-business markets. Our interviews revealed that businesses primarily speak with their customers to find out about competition. "Our management meets with our 10 to 12 key customers every three months to discuss the key players and issues within the market," a manager we spoke with stated.

IMPLICATIONS FOR RESEARCH AND PRACTICE

When combined, the study's findings have a number of significant ramifications for both research and practice. First, our research indicates that customer orientation plays a crucial role in mediating the relationship between new product activity and business strategy. Customer orientation becomes a key component of the relationship between business strategy and market orientation since differentiation, cost leadership, and focus are all closely associated with it. Moreover, the sole facet of market orientation that positively impacts new product activity is customer orientation. This has implications for research since it amply validates the widely held belief that consumers should be the primary focus of any business that is market-oriented (Deshpande´ & Farley, 1996; Deshpande´ et al., 1993; Tyler & Gnyawali, 2002). Our findings specifically corroborate the definition of market orientation provided by Deshpande and Farley (1996), which is defined as "the set of cross-functional processes and activities directed at creating and satisfying customers through continuous needs-assessment." The practical implication is that prioritizing customers over other market factors is necessary to improve market-oriented operations such as new product development. Companies who don't prioritize their customers will probably struggle to create and launch new items, which will negatively affect their ability to expand and survive over the long run. A company-wide commitment to customer-oriented behavior and an organizational culture that supports it are necessary for successful NPD (e.g., Homburg & Pflesser, 2000).

Secondly, our research indicates distinct avenues for innovation. Our results specifically corroborate previous research that makes the distinction between proactive approaches in which businesses prioritize their customers and reactive approaches in which businesses prioritize their competitors. Furthermore, our results imply that there are two kinds of reactive approaches: second-but-better firms are competitor-oriented first and customer-oriented second, and me-too firms are competitor-oriented without being customer-oriented. These findings have implications for future research because they lend credence to the idea that true customer orientation involves a sustained effort to comprehend customer needs rather than just a transient mindset in which the company satisfies customers' requests (Slater & Narver, 1998, p. 1002). This is so because, according to Slater and Narver (1998), the latter strategy is more typical of a "customer-led" business than a "market-oriented" one. Our research demonstrates that companies, especially those seeking product differentiation, frequently use such proactive, customer-focused strategies. These findings suggest that, although proactive measures are significant and common, organizations have access to a variety of other approaches as well. Businesses can also successfully pursue imitation-based new product strategies (Schnaars, 1994), particularly when the imitation-based strategy adopts a second-but-better stance as opposed to a me-too one. In order to introduce products that are superior in features or positioning than those that are already on the market, companies that are unable or unwilling to incur the significant costs associated with being proactive can still effectively step up their new product activity by first searching the competitive environment for new product ideas. These ideas can then be improved by conducting additional customer analysis.

Our discovery of distinct routes to new product activity through competition and customer orientation also suggests that, because market orientation is multidimensional, investigating it as a composite construct may lead to the omission of subtleties. This could also result in inaccurate or partial conclusions regarding the benefits of market orientation for businesses. In particular, our results clearly imply that the customer and competition orientation elements of market orientation may not always or equally apply to a given organization (see also Noble et al., 2002). A company's strategy may determine whether or not it prioritizes, instance, consumers over rivals before carrying out cross-functional, market-related tasks like the creation and launch of new products. The theoretical implication of this discovery is that rather than treating competition and customer orientation as a single composite concept, future study should separate their effects. The practical effect is that, depending on their strategic objectives, it would be incorrect to advise businesses to be exclusively market-oriented as opposed to more customer- or competitor-oriented. Rather, businesses would have to constantly and synergistically match their strategy decisions with a focus on various market participants. Following a different player orientation without carefully integrating these actions into broader strategic decisions may be detrimental to a firm's particular operations (see Berthon et al., 1999).

A fourth implication of our work is suggested by the diversity in firms' emphasis on the individual elements of market orientation. Numerous previous studies have discovered that a firm's operating environment has a significant impact on how important market orientation is to its success (Greenley & Foxall, 1998; Grewal & Tansuhaj, 2001; Han et al., 1998; Homburg & Pflesser, 2000). According to Porter (1980, 1996), a firm's strategy is an adaptive response to the environment in which it operates. Our findings are consistent with previous research on the evolving role of market orientation in various environmental circumstances. Our findings, however, also point to a further contingency effect the firm's resources that hasn't been mentioned in the literature. As previously said, one of the main conclusions of our research is that companies using a focus approach are less, not more, customer-focused. Our interviews point to the resources that companies have at their disposal as a possible explanation for this: focus firms are probably under resourced, which limits their capacity to invest time and money in customer research and innovative product development. This discovery has theoretical implications for the future, as it may help develop a more comprehensive contingency theory of market orientation by combining the resource-based view of the company (Brush & Chaganti, 1998; Wernerfelt, 1984) with previous studies on the influences of the environment. The practical implications for firms are that when choosing the relative emphasis and resources to allocate to individual aspects of market orientation and subsequent market-oriented activities like new product development, they should consider both their environment and their resources.

LIMITATIONS AND FUTURE RESEARCH

Additionally, the study's shortcomings provide numerous prospects for additional study in the future. First, the goal of this research is to improve our comprehension of how strategy influences new product development via the company's market orientation. Therefore, rather than dictating how new product activities should be carried out, the emphasis is more on a descriptive understanding of the drivers driving new product activity within the organization. Future research could examine how alternative strategy choices affect new product performance given the amount and character of the firm's market orientation, even though we purposefully excluded it as a dependent variable of interest. Research on the relationship between strategy and new product success (e.g., Dyer & Song, 1998) and the relationship between market orientation and new product success (Athuene-Gima, 1995) would be expanded upon and integrated by this study.

Second, we use a definition of market orientation that takes into account behaviors that are driven by the market and ingrained in a broader organizational culture that is focused on the market. But we don't specifically address the part that common standards and values that could be associated with a culture focused on the market play. However, according to Hofburg and Pflesser (2000), these norms and values may have an impact on market-oriented behaviors as well as company strategy decisions. Future research can clarify the developing discussion about market orientation as a multiple-level construct within the firm by expanding on the behavioral and cultural views of the concept and incorporating constructs related to both a market-oriented organizational culture and market-oriented behaviors (e.g., see Matsuno & Mentzer, 2000). In particular, in addition to modeling market-oriented behaviors and activities (such new product activity) as outcomes of strategy, future research may model market-oriented norms and values as antecedents of business strategy.

Third, future research could gain from including more detailed measurements of new products and differentiation strategies, specifically. In the current study, "new products" as a whole were the main emphasis. These products may be brand-new to the company or the marketplace. Furthermore, they could be completely novel or novel in small steps. Building on the recent work in market orientation on reactive versus proactive approaches to innovation, future research may use more precise definitions of new products to investigate the impact of business strategy and market orientation on the development and introduction of incremental versus radical products (Narver et al., 2000). Last but not least, our definition of a differentiation strategy takes into account product and technology more so than, say, distribution-based differentiation (see Miller's 1986 distinction between marketing orientation and innovation).

Subsequent research endeavors may employ an expanded methodology to assess differentiation, thereby accounting for factors not encompassed in this study.

REFERENCES

Anderson, J. C., & Gerbing, D. W. (1988). Structural equation modeling in practice: A review and recommended two-step ap proach. Psychological Bulletin, 103, 411–423.

Anderson, P. (1982, Spring). Marketing, strategic planning, and the theory of the firm. Journal of Marketing, 46, 15–26.

Armstrong, J. S., & Overton, T. S. (1977, August). Estimating non response bias in mail surveys. Journal of Marketing Research, 14, 396–402.

Athuene-Gima, K. (1995). An exploratory analysis of the impact of market orientation on new product performance. Journal of Product Innovation Management, 12, 275–293.

Athuene-Gima, K. (1996). Market orientation and innovation. Jour nal of Business Research, 25(2), 93–103.

Baron, R. M., & Kenny, D. A. (1986). The moderator–mediator variable distinction in social psychological research: Concep tual, strategic and statistical considerations. Journal of Person ality and Social Psychology, 51, 1173–1182.

Belsley, D., Kuh, E., & Welsch, R. (1980). Regression diagnostics: Identifying influential data and sources of collinearity.New York: Wiley.

Bentler, P. M. (1992). On the fit of models to covariances and methodology to the Bulletin. Psychological Bulletin, 112, 400–404.

Berthon, P., Hulbert, J. M., & Pitt, L. F. (1999). To serve or create? Strategic orientations toward customers and innovation. Califor nia Management Review, 42(1), 37–58.

Booz, Allen, & Hamilton (1982). New products management for the 1980s. New York: Booz, Allen, & Hamilton.

Brush, C. G., & Chaganti, R. (1998). Businesses without glamour? An analysis of resources on performance by size and age in small service and retail firms. Journal of Business Venturing, 14, 233–257.

Calantone, R., & Cooper, R. (1981). New product scenarios: Pros pects for success. Journal of Marketing, 45, 48–60.

Campbell-Hunt, C. (2000). What have we learned about generic competitive strategy? A meta-analysis. Strategic Management Journal, 21, 127–154.

Cardozo,R.,McLaughlin,K.,Harmon,B.,Reynolds, P.,&Miller,B. (1993). Product-market choices and growth of new businesses. Journal of Product Innovation Management, 10, 331–340.

Chandler, G. N., & Hanks, S. H. (1994). Market attractiveness, resource-based capabilities, venture strategies, and venture per formance. Journal of Business Venturing, 9, 331–349.

Christensen, C. M., & Bower, J. L. (1996). Customer power, stra tegic investment and the failure of leading firms. Strategic Man agement Journal, 17, 197–218.

Churchill Jr., G. (1979). A paradigm for developing better meas ures of marketing constructs. Journal of Marketing Research, 16(1), 64.

Day, G. S., & Nedungadi, P. (1994, April). Managerial represen tations of competitive advantage. Journal of Marketing, 58, 31–44.

Day, G. S., & Wensley, R. (1988, April). Assessing advantage: A framework for diagnosing competitive superiority. Journal of Marketing, 52, 1–20.

De Brentani, U. (1989). Success and failure in new industrial ser vices. Journal of Product Innovation Management, 6, 239–258.

Deshpande ´, R. (1999). Introduction. In R. Deshpande ´ (Ed.), Devel oping a market orientation (pp. 1–6). Thousand Oaks, CA: Sage Publications.

Deshpande ´, R., & Farley, J. U. (1996). Understanding market ori entation: A prospectively designed meta-analysis of three mar ket orientation scales. Marketing Science Institute, Working Paper Series, Report No. 96-125.

Deshpande ´, R., Farley, J. U., & Webster Jr., F. E. (1993, January). Corporate culture, customer orientation, and innovativeness in Japanese firms: A quadrad analysis. Journal of Marketing, 57, 22–27.

Deshpande ´, R., & Webster Jr., F. E. (1989, January). Organizational culture and marketing: Defining the research agenda. Journal of Marketing, 53, 3–15.

Dess, G. G., & Davis, P. S. (1984). Porter's generic strategies as determinants of strategic group membership and organiza tional performance. Academy of Management Review, 27, 467–488.

Dess, G. G., Lumpkin, G. T., & Covin, J. G. (1997). Entrepreneurial strategy making and firm performance: Tests of contingency and configurational models. Strategic Management Journal, 18(9), 677–695.

Dro¨ge, C., & Calantone, R. (1996). New product strategy, structure, and performance in two environments. Industrial Marketing Management, 25, 555–566.

Dyer, B., & Song, X. M. (1998). Innovation strategy and sanctioned conflict: A new edge in innovation? Alternative explanation for reported findings. Journal of Product Innovation Management, 15(6), 505–519.

Fornell, C., & Larcker, D. F. (1981, February). Evaluating structural equation models with unobservable variables and measurement error. Journal of Marketing Research, 18, 39–50.

Gatignon, H., & Xuereb, J.-M. (1997, February). Strategic orienta tion of the firm and new product performance. Journal of Mar keting Research, 34, 77–90.

Gerbing, D. W., & Anderson, J. C. (1988, May). An updated paradigm for scale development incorporating unidimensional ity and its assessment. Journal of Marketing Research, 25, 186–192.

Greene, W. (2002). Econometric analysis. New Jersey: Prentice Hall.

Greenley, G. E., & Foxall, G. R. (1998). External moderation of associations among stakeholder orientations and company per formance. International Journal of Research in Marketing, 15, 51–69.

Grewal, R., & Tansuhaj, P. (2001, April). Building organizational capabilities for managing economic crises: The role of market orientation and strategic flexibility. Journal of Marketing, 65, 67–80.

Gruner, K. E., & Homburg, C. (2000). Does customer interaction enhance new product success? Journal of Business Research, 49, 1–14.

Hamel, G., & Prahalad, C. K. (1991). Corporate imagination and expeditionary marketing. Harvard Business Review, 69(4), 81–92.

Hamermesh, R. G., Anderson, M. J., & Harris, J. E. (1978). Strat egies for low market share businesses. Harvard Business Re view, 56(3), 95–102.

Han, J. K., Kim, N., & Srivastava, R. K. (1998, October). Market orientation and organizational performance: Is innovation a missing link? Journal of Marketing, 62, 30–45.

Henard, D. H., & Szymanski, D. M. (2001, August). Why some products are more successful than others. Journal of Marketing Research, 38, 362–375.

Homburg, C., Krohmer, H., & Workman Jr., J. P. (1999). Strategic consensus and performance: The role of strategy type and mar ket-related dynamism. Strategic Management Journal, 20, 339–357.

Homburg, C., & Pflesser, C. (2000, November). A multiple-layer model of market-oriented organizational culture: Measurement issues and performance outcomes. Journal of Marketing Re search, 37, 449–462.

Homburg, C., Workman Jr., J. P., & Krohmer, H. (1999, April). Marketing's influence within the firm. Journal of Marketing, 63, 1–17.

Hurley, R. F., & Hult, G. T. M. (1998, July). Innovation, market orientation, and organizational learning: An integration and em pirical examination. Journal of Marketing, 62, 42–54.

Jaworski, B. J., & Kohli, A. K. (1993, July). Market orientation: Antecedents and consequences. Journal of Marketing, 57, 53–70.

Kohli, A. K., & Jaworski, B. J. (1990, April). Market orientation: The construct, research propositions, and managerial implica tions. Journal of Marketing, 54, 1–18.

Kohli, A. K., Jaworski, B. J., & Kumar, A. (1993, November). MARKOR: A measure of market orientation. Journal of Marketing Research, 30, 467–477.

Kotha, S., & Vadlamani, B. L. (1995). Assessing generic strategies: An empirical investigation of two competing typologies in dis crete manufacturing industries. Strategic Management Journal, 16, 75–83.

Lukas, B. A. (1999). Strategic type, market orientation, and the balance between adaptability and adaptation. Journal of Busi ness Research, 45, 147–156.

Lukas, B. A., & Ferrell, O. C. (2000). The effect of market orien tation on product innovation. Journal of the Academy of Marketing Science, 28(2), 239–247.

Manu, F. A., & Sriram, V. (1996). Innovation, marketing strategy, environment and performance. Journal of Business Research, 35(1), 79–91.

Matsuno, K., & Mentzer, J. T. (2000, October). The effects of strategy type on the market orientation–performance relation ship. Journal of Marketing, 64, 1–16.

McDougall, P. P., Covin, J. G., Robinson Jr., R. B., & Herron, L. (1994). The effects of industry growth and strategic breadth on new venture performance and strategy content. Strategic Man agement Journal, 15, 537–554.

Miles, R. E., & Snow, C. C. (1978). Organizational strategy, struc ture and process. New York: McGraw-Hill.

Miller, D. (1986). Configurations of strategy and structure: Towards a synthesis. Strategic Management Journal, 7(3), 233–249.

Miller, D. (1988). Relating Porter's (1980) business strategies to environment and structure: Analysis and performance implica tions. Academy of Management Journal, 31(2), 280–308.

Miller, D., & Friesen, P. H. (1986). Porter's (1980) generic strat egies and performance: An empirical examination with Amer ican data:

Part 1. Testing Porter. Organization Studies, 7(1), 37–55.
Mintzberg, H. (1973, Winter). Strategy making in three modes. California Management Review, 44–53.
Montoya-Weiss, M. M., & Calantone, R. J. (1994). Determinants of new product performance: A review and meta analysis. Journal of Product Innovation Management, 11, 397–417.
Nadler, G. (1991, January 27). The best breakthroughs. New York Times, 13 (Sec. 3).
Narver, J. C., & Slater, S. F. (1990). The effect of a market orien tation on business profitability. Journal of Marketing, 54(4), 20–35.
Narver, J. C., Slater, S. F., & MacLachlan, D. (2000). Total market orientation, business performance and innovation. Marketing Science Institute, Working Paper Series, Report No. 00-116.
Noble, C. H., & Mokwa, M. P. (1999, October). Implementing marketing strategies: Developing and testing managerial theory. Journal of Marketing, 63, 57–73.
Noble, C. H., Sinha, R. K., & Kumar, A. (2002, October). Market orientation and alternative strategic orientations: A longitudinal assessment of performance implications. Journal of Marketing, 66, 25–39.
Olson, E. M., Walker Jr., O. C., & Ruekert, R. W. (1995, January). Organizing for effective new product development: The moder ating role of product innovativeness. Journal of Marketing, 59, 48–62.
Ottum, B. D., & Moore, W. L. (1997). The role of market informa tion in new product success/failure. Journal of Product Innova tion Management, 14, 258–273.
Porter, M. E. (1980). Competitive strategy. New York: The Free Press. Porter, M. E. (1996). What is strategy? Harvard Business Review, 74(6), 61–80.
Robinson, R. B., & Pearce, J. A. (1988). Planned patterns of stra tegic behavior and their relationship to business unit perform ance. Strategic Management Journal, 9(1), 43–60.
Ruekert, R. W. (1992). Developing a market orientation: An organ izational strategy perspective. International Journal of Research in Marketing, 9(4), 225–245.
Schnaars, S. P. (1994). Managing imitation strategies. New York: The Free Press.
Segev, E. (1987). Strategy, strategy making, and performance: An empirical investigation. Management Science, 33(2), 258–269.
Sethi, R. (2000, April). New product quality and product develop ment teams. Journal of Marketing, 64, 1–14.
Simon, H. A. (1993). Strategy and organizational evolution. Stra tegic Management Journal, 14, 131–142.
Slater, S. F., & Narver, J. C. (1994, January). Does competitive environment moderate the market orientation–performance re lationship? Journal of Marketing, 58, 46–55.
Slater, S. F., & Narver, J. C. (1998). Customer-led and market oriented: Let's not confuse the two. Strategic Management Jour nal, 19, 1001–1006
Slater, S. F., & Olson, E. M. (2001). Marketing's contribution to the implementation of business strategy: An empirical analysis. Strategic Management Journal, 22, 1055–1067.
Steenkamp, J.-B. E. M., & Van Trijp, H. C. M. (1991). The use of LISREL in validating marketing constructs. International Jour nal of Research in Marketing, 8, 283–299.
Tyler, B. B., & Gnyawali, D. R. (2002). Mapping managers' market orientations regarding new product success. Journal of Product Innovation Management, 19, 259–276.
Urban, G., & Star, S. (1991). Advanced marketing strategy: Phe nomena, analysis, decisions. New Jersey: Prentice-Hall.
Von Hippel, E. (1988). The sources of innovation. New York: Oxford University Press.
Walker, O. C., & Ruekert, R. W. (1987, July). Marketing's role in the implementation of business strategies: A critical review and conceptual framework. Journal of Marketing, 51, 15–33.
Wernerfelt, B. (1984). A resource-based view of the firm. Strategic Management Journal, 5(2), 171–180.
Workman Jr., J. P. (1993, November). Marketing's limited role in new product development in one computer systems firm. Jour nal of Marketing Research, 30, 405–421.
Zahra, S. A. (1993, Winter). New product innovation in established companies: Associations with industry and strategy

variables. Entrepreneurship Theory and Practice, 47–69.

Zahra, S. A., & Covin, J. G. (1993). Business strategy, technology policy and firm performance. Strategic Management Journal, 14, 451–478