

## An exploration study on factors influencing on market orientation: A case study of tourism industry

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### ABSTRACT

During the past two decades, tourism industry has become popular among many researchers in developing countries. Tourism is able to attract substantial amount of investment to some areas where many investors are normally unwilling to invest in. This paper, presents important factors influencing market orientation in tourism industry based on the implementation of factor analysis. The proposed study designs a questionnaire and distributes it among 267 experts who are involved in tourism industry. Cronbach alpha has been calculated as 0.873, which validates the overall questionnaire. The results of factor analysis have indicated that six factors of market oriented, limiting rules and regulations, strategic competition, marketing planning culture, financial figures and top management.

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## 1. Introduction

During the past two decades, tourism industry has become popular among many researchers in developing countries and as a results, many people have spent substantial amount of their time concentrating on the effects of various items on marketing planning. According to Webster (1988), the marketing concept has helped American businesses gain substantial positions in the world's economy. Bhuian (1998), for instance, examined the applicability of Kohli and Jaworski (1990) and Jaworski and Kohli's (1993) market orientation technique in Saudi Arabia, a developing country market by investigating a sample of 115 Saudi Arabian manufacturing firms. The properties of the scales pertaining to the constructs in the market orientation technique have been re-examined in Saudi Arabia. Further, the market orientation model was also investigated both by the traditional techniques as were used by Jaworski and Kohli (1993) and by a structural equations model in LISREL.

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Buhalis (2000) described that marketing of destinations should balance the strategic aims of all stakeholders as well the sustainability of local resources. Destinations require to differentiate their products and to develop partnerships between the public and private sector locally to co-ordinate delivery. Taking advantage of new technologies and the Internet also help destinations enhance their competitiveness through increasing their visibility, reducing costs and enhancing local co-operation. Destination marketing must lead to the optimization of tourism effects and the achievement of the strategic objectives for all stakeholders. In other investigation, Houston (1986) studied the marketing concept in a way that more clearly showed what it was and what it was not.

According to Narver and Slater (1990) business performance is influenced by market orientation, yet to date there has been no valid technique of a market orientation and hence no systematic analysis of its impact on a business's performance. Narver and Slater (1990) reported the development of a valid measure of market orientation, analyzed its impact on a business's profitability and reported a substantial positive impact of a market orientation on the profitability of both types of businesses. Kohli et al. (1993) defined market orientation as the organization-wide generation of market intelligence pertaining to current and future requirements of customers, dissemination of intelligence horizontally and vertically within the organization, and organization-wide action or responsiveness to market intelligence.

Slater and Narver (1994) investigated how competitive environment influences the strength of the market orientation-performance relationship and whether it influences the concentration of the external emphasis within a market orientation—that is, a bigger emphasis on customer analysis relative to competitor analysis, or vice versa, within a given magnitude of market orientation. Hooley et al. (2000) performed a study and stated that relationship between market orientation and both marketing strategy and performance broadly followed forecasts from the Western literature indicating that the adoption of a market orientation was equally applicable in transition as in Western economies.

Harris (2001) examined the links between market orientation and objectively measured financial performance. He reported a narrower range of environmental conditions where market orientation was positively related to performance. Wu (2004) investigated the impact of strategy and market orientation on the performance of the travel industry in a Taiwanese travel industry's electronic commerce. They reported that the marketing departments still possess influenced, and that strategy and market orientation affected performance through “customization” and “marketing influence”.

Harris (2002) reported that management approaches to developing market orientation differ along five different dimensions, with each firm tending to stress one of these emphases. Homburg and Pflesser (2000) reported that a market-oriented culture could influence financial performance indirectly through market performance and that this relationship could be stronger in highly dynamic markets. Au and Tse (1995) investigated the effect of marketing orientation on firm Performance in on Hotel industry in Hong Kong and New Zealand. Greenley and Matcham (1986) investigated the marketing orientation of the firms who supply the UK's service of incoming tourism. Qu and Ennew (2003) investigated the consequences of market orientation in China. Diamantopoulos and Hart (1993) looked for the relationship between market orientation (Porter, 1990) and company performance.

## **2. The proposed study**

This paper, presents important factors influencing market orientation in tourism industry based on the implementation of factor analysis. The proposed study designs a questionnaire and distributes it among 267 experts who are involved in tourism industry. Cronbach alpha has been calculated as 0.873, which validates the overall questionnaire. The results of factor analysis have indicated that six

factors of market oriented, limiting rules and regulations, strategic competition, marketing planning culture, financial figures and top management. Table 1 summarizes the results of our survey.

**Table 1**  
The summary of factor analysis

Factor	Measured variable	Weight	Eigenvalue	Variance	Accumulated	
Market orientation	Customer preferences	0.845	3.005	11.129	11.129	
	Industry changes	0.712				
	Environment changes	0.673				
	Customer information	0.541				
	Interdepartmental meetings	0.531				
Cronbach alpha = 0.785	Sharing of customer information	0.519				
Governmental Restrictive rules	Government decisions	0.741	2.843	10.528	21.657	
	Restrictive rules posed by government	0.733				
	Restrictive policies	0.708				
	Government intervention	0.623				
	Cronbach alpha = 0.762	Currency problems				0.610
Strategic competition	Competitors' strategy	0.831	2.286	8.468	30.125	
	Cronbach alpha = 0.730	Merging strategy				0.771
The culture of marketing planning	Marketing planning	0.824	2.040	7.554	37.679	
	Cronbach alpha = 0.705	Business plan				0.562
	Marketing planning culture	0.462				
Financial resources	Budgeting planning priorities	0.845	1.915	7.092	44.772	
	Cronbach alpha = 0.702	Monetary promotions				0.719
	Defensive policy	0.465				
Senior managers thought	Consistent with market trends	0.780	1.830	6.779	51.551	
	Cronbach alpha = 0.645	Sensitivity to the performance of competitors				0.593
	Taking risk	0.508				

### 3. Discussion and conclusion

Building a good market orientation is normally involved with various factors and making appropriate managerial decisions. In this paper, we have presented an empirical investigation to find out about important factors influencing market orientation in tourism industry. The proposed study gathered the necessary information by taking an indebt interview with experts. The results of our survey have resulted six factors including market orientation, governmental restrictive rules and regulations, strategic competition, existing culture in marketing planning, financial resources as well as senior managers thoughts. In terms of market orientation, customer preferences are believed to be number one priority followed by industry and environment changes. The rules and regulations posed by the local government is another barrier, which may influence development of tourism industry, significantly. The third option is associated with competition within the industry where competitors play essential role on taking market share. While the culture within the industry plays essential role on the success of tourism industry, financial resources are believed as some of the most important

issues. Finally, Senior managers' thought is the last item, which influence this industry. The results of this survey are consistent with Kohli and Jaworski (1990) and Kohli et al. (2000).

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