

## **The Influence Of Market Orientation On The Choice Of A Shipping Firm By Fruit Exporters Of Refrigerated Cargo N Kenya**

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### **ABSTRACT**

In the last few years, firms within the shipping business have transitioned from a homogenous service business towards a heterogeneous market characterized by an increase in number of shipping firms, value offerings, well informed customer, rapid changes in customer taste and preferences. The motivation of the study was to determine the influence of market orientation on the choice of a shipping line by fruit exporters of refrigerated cargo in Kenya. The study population consists of all the 39 fruit exporters of refrigerated cargo as listed on the Fresh Produce Association of Kenya Website. A cross sectional descriptive survey was used. A questionnaire was developed to assist in collecting primary data, while secondary data were obtained from renowned authors in the field of marketing. Analysis of data was done using descriptive and inferential statistics. The influence of Market orientation was measured using a construct developed by Narver and Slater's (1990), customized for the shipping industry. The results reveal that Market orientation was depicted by more emphasis on inter functional co-ordination compared to both customer orientation and competitor orientation. Limitations encountered during research. The descriptive cross sectional research design could not measure changes in organizational culture over time, the study was limited to a single industry put constraints on generalizing of the results. It was recommended that all studies done in future should adopt longitudinal research design to evaluate changes in organizational culture and their influence on performance over time. Further, to capture representative view of industry, future studies need to use multiple informant approach.

**Key Words:** Market orientation, Refrigerated cargo, Shipping firm, Fruit exporter

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## Introduction

In today's turbulent and competitive environments, there is an increase in the number of product and service offerings. Consequently, it is important for shipping firms to show a continuous and proactive character in developing new products and services that respond to the ever changing taste and preferences. Firms that are market oriented provide significant information on the customer needs, thereby resulting to superior quality of goods and services. How firms meet the customer expectations better than competition and thereafter convert this advantage into superior firm performance is a key objective of research into marketing strategy (Li, 2006)

Shipping firms play a major role in facilitating international trade; they provide a link between continents. This is because shipping firms have the ability to carry bulky goods and their rates are certainly cheaper than air freight. In recent years, the volume of goods transported by way of ocean has increased rapidly due to globalization and the fast growth in international trade. As a result, there is substantial growth in the number of firms providing ocean freight services, resulting to competition amongst the shipping firms. For shipping firms to not only retain customers, but maintain competitive advantage they need to fully understand the shippers' needs and proactively satisfy these needs better than competition.

Market Orientation holds that for an organization to achieve profitability, it has to first promote understanding of both the

latent and expressed customer needs and thereafter endeavor to create superior customer value leading to sustainable competitive advantage. Researchers have looked at Market orientation from two perspectives (Homburg & Pflesser 2000). The first one is the behavioral aspect derived from the work (Kohli & Jaworski 1990) and the other is the cultural aspect from the work of (Narver & Slater 1990 *et al*) whose emphasize was on customer, competitor and Inter-functional coordination. According to Narver and Slater (1990), the firm must first identify the needs and wants of the market. This understanding of the customer needs is achieved through customer orientation. In addition, a competitor orientation is also needed to establish if superior value is currently being provided by rival firms (Narver & Slater, 1990). The information collected through both customer and competitor orientation is transferred throughout the firm with what Narver and Slater deem inter functional coordination (1990, p. 22). Kohli & Jaworski (1990) views market orientation as composed of intelligence gathering, which refers to the collection and evaluation of information from within and outside the organization, dissemination of the information within the departments and responsiveness to the information.

In today's competitive business environment, satisfaction of customers is seen as the most important result of marketing and occupies an important position in both practice and theory (Churchill & Surprenant, 1982). Satisfaction is a general customer response

or action towards a service provider or an emotional feedback towards the variance of what customers consume and what they imagined, regarding satisfaction of some needs and wants (Hoyer, & MacInnis, 2001). Customers are more inclined to share a bad experience with others than when they experience satisfaction. Development of effective modes of communication like social media, online customer reviews, power of internet and other effective modes of communication have shifted the balance of power in favor of the customer.

Customers are capable of changing their service providers due to price, new opportunities by competition or simply because of a change in their taste and preferences. It is important for a firm to focus on customer satisfaction strategies, because satisfied customers are similar to free advertising. According to Fornell (1992), highly satisfied customers are less likely to shift to competition as they are content with what the firm is offering. Relationships with customers comprise an important asset that should be monitored just like physical assets. Customer satisfaction surveys should be done before and after purchase to provide a comprehensive insight of consumer buying behavior.

### **Literature review**

According to marketing literature, firms that strive to be successful must adopt a marketing concept. The marketing concept puts the needs of the customer at the center of the firm's strategy and operation (Hooley et al., 1990). It holds that for a firm to achieve its organizational goals, it has to be

proactive in identifying and satisfying the needs of its target market (Kotler, 2009).

Kohli and Jaworski (1990) define market orientation as consisting of three core aspects. First we have the market intelligence generation, distribution of this intelligence and organization response towards the intelligence. Narver and Slater (1990) suggests that market orientation consists of (customer orientation, competitor orientation and inter functional coordination). Reukert (1992) suggest that market orientation is the extent to which firms collect information and use this information to develop strategies that will respond to customer needs better than competition. Market orientation assists organization in establishing a customer driven culture that adequately meets the customers' needs and desire.

On the other hand, Shapiro (1988) conceptualized market orientation as a commitment by top management in an organization, to share information collected both within and outside the organization with all departments within the organization. Sharing of information collected enables the organizations develop product and service that adequately meet the customers' needs.

Customer satisfaction occurs when performance of a product or service is consistent or is above customer expectations. Coney et al (2001) suggest that a satisfied customer reduces the amount of time and effort spent in decision making the next instance they face a similar problem. A satisfied customer is more likely to not only

engage in a repeat purchase but also take part in positive word of mouth about the experience with the brand. An organization that is market oriented will direct all its efforts in satisfying the needs of its customers. Marketing literature supports that organization should direct all their efforts towards satisfying their customers. This is because there is an association between market orientation and a satisfied customer. A satisfied customer is less likely to move competition, engages in positive talk about the brand, less sensitive to price and is willing to purchase more as the company introduces new products and upgrades existing products (Kotler, 2009).

The study of consumer choice behavior looks into the stages involved when an individual or groups are involved in the purchase, consumption or dispose of a good, service, experiences or ideas to meet their needs and desires (Solomon, 1996). This study also focuses on the motivation and the decision strategy of the consumer, the dynamics that take place whenever a consumer wants to make a purchase decision and who influences the decision. Further, it also concerned with what takes place in the consumers mind after the purchase, also known as cognitive dissonance and how it influences repeat purchases and loyalty. In addition, consumer behavior looks into how consumers gather and evaluate information in the environment

#### **Empirical studies on Market orientation**

Lagat, Chepkwony, and Kotut (2012) used MAKTOR component scale of market orientation to investigate the relationship

between market orientation and performance of 220 manufacturing Kenyan companies.. The study established a positive and significant relationship between market orientation and performance.

Rose & Shoham (2002) used Jaworski & Kohli's (1993) market orientation construct, to look into the influence of market orientation on export performance of 124 exporters from Israeli. The findings of their study established that the relationship between market orientation and performance was positive.

#### **Methods**

This study made use of the descriptive cross-sectional survey design. This type of design is the most preferred to conducts studies on the effects of relationship at one point in time. (O'Sullivan, et al., 2009). The study population consists of (39) fruits exporters of refrigerated cargo. This list was obtained from the Fresh Produce Association of Kenya Website as at December 2015. Only one questionnaire was sent to the staff working within the export department in each firm resulting to a single respondent.

There are limitations that discourage the use of a single informant, first that it may narrow down our data findings (Kohli, Jaworski, & Kumar, 1993), or it may lead to biasness (Pelham & Wilson, 1995). Others scholars however found that single informants provide data that are valid and reliable just as multiple informants (O'cass et al., 2004; Narver & Slater, 2004). This is in support of studies done in the past that have used the views of key informants to

study the market orientation and performance relationships (Lin, 2011; Zebal & Goodwin, 2011).

### **Results**

Data was analyzed using descriptive statistics such as the percentages, mean, standard deviations and variances. Out of the targeted 39 companies, 32 responded to the questionnaires. The response rate was 82% of the target population. High response rate was boosted by the fact that the researcher was able to get up to date contact details from the FPEAK website.

Descriptive statistics were used to analyze the respondent characteristics. Respondent's bio-data comprised position, gender, and level of education and length of service in the fruit industry.

Descriptive information of the sample revealed that 75% of respondents were male while 25% of the respondents were female. Additionally, 40.6 % were directors, 34.4 % were export assistants, and 25.0 % were export managers. The fact that all respondents were from export department is because they were the target population for

the study hence well versed with the matters relating to this topic. On an average, approximately 71.9 % of the respondents had been with the current firm for at least 6 years. The respondent's length of service can be associated with experience and knowledge acquired over time which can lead to superior firm performance.

The key firm factors of interest for the study were the age of the firm measured in terms of time period the firm has been in operation in Kenya. Size of the firm measured by the volume of 20 foot reefer containers the firm exports on a monthly basis and the number of shipping firms the export companies uses for its export needs. 84.0 % of the Export firms have been in operation in Kenya for less than 20 years and 15.5% have being in operation for over 16 years. The results imply that most of the export firms surveyed are relatively young but there is growth in terms of number of export firms set up. 59.4 % of the export firms' export between 1 – 20 reefer containers by sea on a monthly basis and 40.6 % export above 20 reefer containers by sea on a monthly basis.

**Table 1.: Market Orientation strategies adopted by shipping firms**

<b>Market Orientation strategies adopted by shipping firms</b>	<b>Disagree Strongly</b>	<b>Disagrees</b>	<b>Neither agree /Disagree</b>	<b>Agree</b>	<b>Agree Strongly</b>	<b>Mean</b>
Consistent transit time	0	1	4	22	5	3.97
Courteous and Professional staff	0	2	5	18	7	3.94
Information on status of goods	1	0	4	21	6	3.97
Timeliness and getting back when needed	0	2	9	16	5	3.75
Corrective action when service failure	0	0	11	14	7	3.87
Honoring promises	0	0	5	20	7	4.06
Knowledgeable and expertise	0	0	3	21	8	4.16
Equipment availability	1	7	11	10	3	3.22
Clear and accurate quotations	0	0	11	20	1	3.69
Competitive pricing	2	6	11	12	1	3.13
Ease of using web based tools	0	0	4	19	9	4.16
Anticipating future needs	0	2	3	19	8	4.03

The results presented in Table 1 provide evidence in support of market orientation strategies largely adopted by shipping firms. Knowledge and expertise needed to meet customer needs as well as ease of using web based tools as indicated by a high mean

score of 4.16. Other strategies that had also been widely adopted by shipping firms were honoring promises made to customers and anticipating future needs as indicated by a means score of 4.06 and 4.03 respectively.

**Table 2: Summary of Market Orientation Measurement**

Market Orientation Components	Mean	Standard deviation
1 Customer Orientation	3.3125	.78568
2 Competitor Orientation	3.2891	.67892
3 Inter functional co-ordination	3.4141	.91431
<b>Average score</b>	<b>3.339</b>	<b>.79297</b>

SE= informs us on reliability, a smaller error shows that the results are more reliable

The concept of market orientation consists of customer orientation, competitor orientation and Inter functional coordination. The shipping firm’s market orientation score was calculated as the mean

scores from customer orientation, competitor orientation and inter-functional coordination responses. The results in table 2 reveal that that the overall mean score of market orientation was 3.339, Sd= .79297). Inter functional co-ordination had the highest overall mean score of 3.4141, while competitor orientation had the lowest mean score (mean score= 3.2891).

**Table 3 Market orientation strategies that exporters of refrigerated cargo value most**

Market orientation strategies	Not at all	Small extent	Moderate	Large extent	Very large	Mean	Standard deviation
Courtesy from staff				5	27	4.8438	.36890
Prices of services offered	0	0	1	3	28	4.8438	.44789
Information availability on status of transported goods	0	0	0	2	30	4.9375	.24593
Equipment availability	1	4	10	16	1	4.8750	.42121
Transit time	0	0	1	3	28	4.8438	.44789
Corrective action taken when a service failure occurs	0	0	0	2	30	4.9375	.24593

The respondents indicated that the Market orientation strategies that they value most

are availability on status of transported goods with and corrective action taken in

case of a service failure which both had a mean score of 4.9375

## Conclusion

This study was conducted to establish the influence of market orientation on the choice of shipping firm by fruit exporters of refrigerated cargo. The findings of this study establish beyond mere intuition that market orientation is important for shipping firm to achieve superior performance.

The findings also indicate that business firms need to apply market orientation to survive in this turbulent business environment. Business firms that do not apply market orientation will not be able to achieve superior performance in the market

Employees working in organizations that are market oriented are committed to continuous improvement of product and service offering to their customers. As a result customer surveys are appropriate tools for companies that are trying to strengthen their market orientation.

Service oriented firms understand that every decision they make must correspond to changes in customer taste and preferences, anticipating how they are likely to respond and whether it will provide any competitive advantage. Value and quality is first defined by the customer for truly excellent service firms (Brown, 2003).

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