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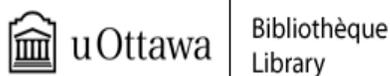
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MARKETING ORIENTATION OF FAMILY BUSINESSES

LA ORIENTACIÓN DE MARKETING DE LA EMPRESA FAMILIAR

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Abstract

This article presents the results of a survey of marketing orientation of family businesses in Bulgaria. The aim is to outline the specific features of the marketing orientation of family business and present its main problems. The assessment of the marketing orientation is based on the results of personally organized survey among 86 representatives of family businesses in three major sectors of activity – manufacture, trade and services – in Bulgaria. It also discusses the theoretical aspects of marketing orientation and its components. Based on the results of the survey are formulated the main problems of the marketing orientation of family business in Bulgaria.

Keywords

Market orientation – Family business – Components

Resumen

El artículo presenta los resultados de un estudio sobre la orientación de marketing de la empresa familiar en Bulgaria. El objetivo es aclarar la especificidad de la orientación comercial de la empresa familiar y resaltar sus principales problemas. La evaluación de la orientación de marketing se basa en los resultados de la propia encuesta realizada entre 86 representantes de empresas familiares de las tres esferas principales de actividad: producción, comercio y servicios en Bulgaria. Se examinan los aspectos teóricos de la orientación de marketing y sus componentes. Sobre la base de la encuesta, se resumen los principales problemas relacionados con la orientación de marketing de la empresa familiar en Bulgaria.

Palabras Claves

Orientación al mercado – Empresa familiar – Componentes

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Introduction

The family business is the oldest and most prevalent business form in the world that is found in various types of companies. This essentially unique way of doing business is distinguished because of its continuity, balancing between business and family relations, business value, family culture, the process of rapid decision-making, flexibility and inheritance¹.

In highly competitive and dynamically changing environment, a successful family business could be the one which is market – orientated. Such a business has the chance of realizing relatively higher sales and respectively higher profits. Moreover, market – orientated family business is capable of better meeting the demands of the market in comparison with other competitors, as well as better predicting of potential market changes and based on that creating better competition advantages.

Marketing orientation plays a crucial role in the effective management of family business. To achieve high business performance and build image the family business needs exactly the type of management which is based on the principles of market orientation². It allows the family business to successfully establish its position on the market, correctly define its priorities and expand its market share. At the same time, market orientation is an important strategic tool for achieving operational efficiency and improved positive organisational performance³. In addition, market orientation is a means which allows the family business to assess the needs and preferences of customers and to choose options for improving customer satisfaction and creating consumer values. Finally, market orientation gives the opportunity to family business not only to define and meet customer demands, but also to influence the decision-making of customers during buying, attract new buyers and make loyal customers.

Market orientation has an influence on achieving long-term success. A number of researchers have found out the existence of positive connection between market orientation and business results⁴. We should also keep in mind that market orientation helps stimulate the innovative behaviour of family business. It is an important tool for influencing the innovational culture of family business which is a crucial factor for developing successful innovations in the business and according to Hurley и Hult⁵ it is a source of new ideas and motivation to react to the business environment. Futhermore, the timely realisation of innovations and planning of future creation of new products and

¹ Koyundzhyska-Davidkova, Bl. Features of inheritance of the family business, Entrepreneurship, Issue 2, 2015, p. 150. <http://ep.swu.bg/images/pdfarticles/2015pdf/FEATURES%20OF%20INHERITANCE%20OF%20THE%20FAMILY%20BUSINESS.pdf>.

² S. Olavarrieta y R. Friedmann, "Market-oriented culture, knowledge related resources, reputation assets and superior performance: a conceptual framework", Journal of Strategic Marketing, Vol: 7 (1999): 215-228.

³ J. Dubihlela y M. Dhurup, "Determinants of and barriers to market orientation and the relationship with business performance among SMEs", The Journal of Applied Business Research, Vol: 31 num 5 (2015): 1667.

⁴ A. Kara; J. E. Spillan y O. W. DeShields, "The effect of a market orientation on business performance: a study of small-sized service retailers using MARKOR scale", Journal of Small Business Management, Vol: 43 num 2 (2005): 105–118.

⁵ R. F. Hurley y G. T. M. Hult, "Innovation, market orientation, and organizational learning: an integration and empirical examination", Journal of Marketing, Vol: 62 num 3 (1998): 42-54.

services will contribute to the better development of the family business in the long run, as well as its better positioning on the market⁶.

The aim of this article is to discuss the specific feature of market orientation of family business and to outline its main problems. To achieve this aim, was organized a survey of 86 representatives of family enterprises from three basic sectors of activity – manufacture, trade and services in Bulgaria. The survey was carried out in the period between January – April 2019. To collect data, was used the method of direct survey in which the respondents themselves complete the survey form. Statistical methods of analysis and assessment of results are used in the research.

Problem definition

The issue of market orientation has been discussed in scientific literature by a number of authors. They tackle this topic from various perspectives.

The essence of market orientation is discussed from a conceptual perspective by authors Kohli and Jaworski. They define market orientation as „the organization-wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organization-wide responsiveness to it”⁷. The opinion shared by Ruekert is that market orientation can be defined as “a concept focused on efficient and effective decision-making through coordinated business operations involving market intelligence generation, market information dissemination and organisational responsiveness”⁸. Another view about market orientation describes it as business philosophy through which the business will define and satisfy customer needs and will integrate the marketing concept in the organisation⁹. An original understanding of market orientation of business is shared by Narver and Slater. They think that market orientation is connected not only with the task of businesses to create and offer higher value to customers, but also to coordinate the activities and procedures for achieving this task¹⁰. It becomes obvious that market orientation should be viewed as a concept which reveals the philosophy governing marketing management and the approaches for satisfying customer interests and the interests of family business. In their understanding of the essence of market orientation some authors emphasize the organisational culture. For example, Later, Narver and Tietje define market orientation as “an organisational culture that most effectively and efficiently creates the necessary behaviours for the creation of superior value”¹¹. At the same time,

⁶ B. I. Koyundzhyska-Davidkova, “Innovation activity of family business in South-west planning area”, *Entrepreneurship*, Vol: IV, Issue 2 (2016): 209, http://ep.swu.bg/images/pdfarticles/2016pdf/INNOVATION_ACTIVITY_OF_FAMILY_BUSINESS_IN_SOUTH-WEST_PLANNING_AREA.pdf.

⁷ A. K. Kohli y B. J. Jaworski, “Market orientation: the construct, research propositions, and managerial implications”, *Journal of Marketing*, Vol: 54 (1990): 6.

⁸ R. W. Ruekert, “Developing a market orientation: an organizational strategy perspective”, *International Journal of Research in Marketing*, num 9 (1992): 229.

⁹ N. A. Aziz y N. A. Omar, “Exploring the effect of internet marketing orientation, learning orientation and market orientation on innovativeness and performance: SME (exporters) perspectives”, *Journal of Business Economics and Management*, Vol: 14 Supp 1 (2013): 260.

¹⁰ J. C. Narver y S. F. Slater, “The effect of a market orientation on business profitability”, *Journal of Marketing*, Vol: 54 num 4 (1990): 20–35.

¹¹ J. C. Narver; S. F. Slater y B. Tietje, “Creating a market orientation”, *Journal of Market- Focused Management*, Vol: 2 num 3 (1998): 241.

Deshpande and Webster claim that market orientation could be interpreted as culture and climate¹². In our opinion, this approach to market orientation is correct, as it is a source of new ideas and motivation for adequate behaviour towards environmental changes. Moreover, organisational culture which is responsible for the style, way of behaviour, communication between personnel and customers and partner activity makes huge impact on the effectiveness of family business.

The issue of market orientation is also interpreted through the prism of the strategy applied by business. From this viewpoint, market orientation can be defined as a strategy focused on results¹³, which should necessarily possess innovational characteristics¹⁴. Another opinion worth mentioning, defines market orientation as a marker of the extent to which a firm implements its marketing strategy¹⁵.

In the discussion of the issue, we must take into consideration the fact that market orientation could be interpreted from the viewpoint of the systems of business management. The definition given by Becker and Hamburg that market orientation is „the degree to which the different management systems of an organization are designed in a market-oriented way“¹⁶, we think, best summarized the meaning of researched concept.

The opinion of Maydeu-Olivares and Lado about the essence of market orientation is of considerable interest. The authors think that market orientation should be viewed as “the integration and dissemination of market intelligence across departments and the coordinated design and execution of the firm’s strategic response to market opportunities”¹⁷. In this respect, Gray, Matear and Matheson reveal that market oriented organization behaviour helps to define the needs of customers, analyse the activities of competitors and share market information in the organization¹⁸. Alongside, Kohli and Jaworski add to the definition of market orientation, claiming that it is collection of market information about current and potential customers, spreading this information in the organization and organizational answer to it¹⁹.

Some authors share an original understanding of market orientation viewing it from the perspective of the components which form its basis. For example, Tomaskova defines customer orientation and competitor orientation as the most important components of

¹² R. Deshpande y F. E. Webster, “Organizational culture and marketing: defining the research agenda”, *Journal of Marketing*, Vol: 53 (1989): 3-15.

¹³ H. Kasper, “Culture and leadership in MO service organizations”, *European Journal of Marketing*, Vol: 36 num 9/10 (2002): 1047-1057.

¹⁴ N. Lado; A. Maydeu-Olivares y J. Rivera, “Measuring Market orientation in several populations: a structural equations model”, *European Journal of Marketing*, Vol: 32 num ½ (1998): 23-39.

¹⁵ V. A. Vieira, “Antecedents and consequences of market orientation: a Brazilian meta-analysis and an international mega-analysis”, *Brazilian Administration Review*, Curitiba, num 7 (2010): 44-58.

¹⁶ J. Becker y C. Hamburg, “Market-Oriented Management: A System-Based Perspective”, *Journal of Market Focused Management*, Vol: 4 (1999): 20.

¹⁷ A. Maydeu-Olivares y N. Lado, “Market orientation and business economic performance: A mediational model”, *International Journal of Service Industry Management*, Vol: 14 num 3 (2003): 286.

¹⁸ B. J. Gray; S. Matear y P. Matheson, Market orientation and performance: implications for managers in developing economies, In: P. Andersson (Ed.). *Marketing research and practice, Track 2 International Marketing, Proceedings of the 27th EMAC Conference, 20–23 May, Stockholm, Sweden, 1998*.

¹⁹ A. K. Kohli y B. J. Jaworski, “Market orientation: The construct, research propositions, and managerial implications”, *J. Mark*, num 54 (1990): 1–18.

market orientation²⁰. Narver and Slater contribute to the definition of market orientation by defining the basic behavioural components: customer orientation, competitor orientation, inter – functional coordination²¹. Deng and Dart²² add profit orientation to these components. Other authors think that it is compulsory to add supplier orientation and environment orientation to the above components²³. Consequently, market orientation should be viewed as a combination of customer orientation, competitor orientation, profit orientation, supplier orientation, environment orientation and inter – functional coordination.

Research literature shows considerable interest among different authors in explaining the essence of market orientation. It is based on the key role of market orientation in the achieving of long-term prosperity of family business. No matter in what way we view market orientation, one fact is indisputable-namely, that it is a crucial condition and without it, we can't achieve competition advantages, making correct managerial decisions, building an image and strategic positioning. Knowing the components of market orientation facilitates the effective management of family business and respectively, reaching considerable business results. In this connection, some authors²⁴ suggest that learning about market orientation should be based on the following components: intelligence generation, intelligence dissemination and responsiveness. Such is the opinion shared by Jangl. According to him, the basic components are: customer intelligence generation, competitor intelligence generation, intelligence dissemination and integration, responsiveness to market intelligence²⁵. Independently, other authors point out as the most important for the research of market orientation in business the following: customer orientation (8 items), competitor orientation (8 items), inter-functional coordination (8 items), marketing innovation (7 items), differentiation competitive advantage (4 items), cost leadership competitive advantages (5 items) and focus competitive advantages (4 items)²⁶. It is clear, that all of the discussed components have their importance in the more complete analysis of market orientation of family business.

Assessment of market orientation of family business

In order to achieve a more profound and clearer understanding of the issue, we think that it is necessary to outline the profile of the representatives of family business in Bulgaria. The results of the survey show that the number of male representatives prevails - 68.6%. As regards the age range of participants, it was found that the biggest share of respondents (39.2%) are of age between 40 - 49 years (Table 1). It is interesting to notice,

²⁰ Eva Tomaskova, "The current models of market orientation", European Research Studies, Vol: XI, Special Issue 3-4 (2007): 84.

²¹ J. C. Narver y S. F. Slater, "The effect of a market orientation on business profitability", Journal of Marketing, Vol: num 4 (1990): 20-35.

²² S. Deng y J. Dart, "Measuring market orientation: a multi-factor, multi-item approach", Journal of Marketing Management, num 10 (1994): 725-742.

²³ A. Esteban, et al., "Market orientation in service", European Journal of Marketing, Vol: 36 num 9/10 (2002): 1003-1021.

²⁴ A. K. Kohli; B. J. Jaworski y A. Kumar, "MARKOR: a measure of market orientation", Journal of Marketing Research, Vol: 30 num 4 (1993): 467-477.

²⁵ P. Jangl, "Model of market orientation of high-tech firms in Germany: validation study", Business: Theory and Practice, Vol: 17 num 3 (2016): 219, <https://journals.vgtu.lt/index.php/BTP/article/view/8223>

²⁶ V. Naidoo, "Firm survival through a crisis: The influence of market orientation, marketing innovation and business strategy", Industrial Marketing Management, num 39 (2010): 1318.

that the shares of respondents at the age of 30 to 39, and above 50 are also quite considerable.

Age, years	Share, %
Up to 29	12.1
Over 30 to 39	23.8
Over 40 to 49	39.2
Above 50	24.9

Table 1
Distribution of respondents by age - %
Source: authors' own research

The profile of respondents is complemented by their educational degree. The majority of them have a university degree (Table 2). It was found that there are no respondents with primary education. The share of respondents with secondary or secondary professional education is relatively small.

Educational degree	Share, %
University Degree	67.9
Secondary School Degree	17.5
Secondary Professional School Degree	14.6

Table 2
Distribution of respondents by educational degree - %
Source: authors' own research

It is interesting to comment on the distribution of respondents according to the largeness of their business or managed enterprises. It was found out that the highest percent belongs to respondents representing micro enterprises – 58.6% (Table 3). Considerably smaller is the share of those managing small enterprises.

Enterprises according to largeness	Share, %
Micro	58.6
Small	34.7
Medium	6.7

Table 3
Distribution of respondents by largeness of enterprise- %
Source: authors' own research

An important element of the profile of family business is the choice of sphere of economic activity. The data in table 4 shows that the preferences of respondents fall on managing family business in the sphere of trade.

Enterprises according to the sphere of economic activity	Share, %
Manufacture	24.0
Trade	46.4
Services	29.6

Table 4
Distribution of respondents by sphere of economic activity of the managed enterprise- %
Source: authors own research

It becomes obvious from the argument in this article that through better knowing of the specifications of market orientation it becomes possible to guarantee longterm and effective management of family business. In this context, one of the most important aspects is the opinion of respondents about the importance of the degree and existence of customer orientation. The results of the survey show, that all respondents share the opinion that customer interest is the major priority of their business. It is not surprising, that the percent of respondents (85.7%) who claim that in the process of developing there business strategy are led by the ways in which there business could create higher value for their customers is the highest. Not much smaller is the percent are the number of respondents (68.9%) who claim that the governing principle in developing their strategies is customer satisfaction or understanding of customer needs. It was found out that the number of respondents (38.9%) who carry out market research of customers with the aim of assessing the quality of offered goods at least once a year is relatively small.

One of the significant aspects of providing secure market positions is knowledge of competitors. In this respect, the results of the survey show that a relatively huge number of respondents (72.8%) claim they know extremely well their competitors and take quick actions against threatening competition activities. Hardly 27.2% of respondents follow regularly the market efforts of their competitors or assess the strengths and weaknesses of major competitors in their sphere or attempt to predict the behaviour of competitors.

As regards the inter – functional coordination, it was found that relatively big share of respondents (46.8%) share the opinion that there exists competition between departments or between employees for achieving their aims. Only 9.4 % of respondents confess the existence of inter – department conflict and point out as one of the basic reasons the lack of successful communication. At the same time, it is surprising that according to 43.8% of respondents, employees and departments work in team to serve customers and reach the common aims of the firm.

In order to provide effective management in conditions of high competition, it is very important to realise marketing innovations. The results of the survey show that nearly all respondents (91.6%) actively search for innovative market ideas. Only 8.4% of respondents view new market ideas as risky.

It is interesting to find the existence implementation of family business strategies in order to achieve competitive advantage. In this respect, a considerable number of respondents (48.3%) implement the strategy of focusing, followed by those (35.4%) who use the strategy of differentiation i.e. achieving competitive advantage regarding product, price, quality and promotion. Only 16.3% of respondents achieve competitive advantages as regarding cost leadership.

The results of the survey reveal that the basic problems faced by family business are as follows: lack of systematic and profound research, analysis and assessment of customers; lack of profound analysis and assessment of competitor behaviour; underestimated role of team work for achieving short – term and long – term goals of the firm; underestimated assessment of possibilities for achieving competitive advantage with respect to expenses and product value.

Conclusion

Studying market orientation is an important issue with scientific and practical significance, as its profound learning facilitates the achievement of competitive advantage, precise positioning, adequate reaction to environment chances and taking correct managerial decisions for sustainable development of family business.

Market orientation plays an important role in stimulating the innovational behaviour of family business.

The analysis of the results of our survey proves that family business does not realise to a considerable degree the role of market orientation for achieving effective and long – term business results. It is necessary to pay serious attention to inter – functional coordination as it guarantees effective business management. As regards the successful solving of inter – department conflicts and creating effective team work, the efforts of family business should be aimed at providing favourable communication. Even more so, as in contemporary conditions experts have revealed the key role of communication in the world of business and organizations²⁷. In addition, the importance is determined by the fact that the communication is not limited to what is said or written²⁸. This business still does not implement to the necessary extent market orientation as an important tool for taking suitable managerial decisions in connection with the full satisfaction of customer needs and the precise prediction of competitors behaviour.

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