A QUALITATIVE EXAMINATION OF MARKET ORIENTATION MEASUREMENT SCALE FOR VIETNAMESE INSTANT COFFEE INDUSTRY

Case: Trung Nguyen, Nescafé, and Vinacafé
ABSTRACT

Market orientation is a topic that draws much attention of marketing researchers since the 1950s. There has been many studies contribute to the understanding of this subject. And, researchers find out that market orientation brings many benefit to the company. Most of the studies adopt qualitative method and are conducted in cross-industry context. The cross-industry analysis while provide a broad view of market orientation and business performance, it lacks of focus on a specific industry. Previous theses confirm the relationship between market orientation and business performance in different industries. There exists an urge to concentrate the focus on a specific industry. Moreover, the author realizes that the market orientation has not yet received much attention in Vietnam because Vietnamese company lacks of knowledge and tool to apply it into practice. As a result, this thesis comes into exists with the purpose to provide readers knowledge about market orientation, benefits of market orientation, and how to measure it in the Vietnamese instant coffee context.

The outcome of the research points out that the market orientation positively affects business performance of case company. In addition, the study reveals that traditional measurement scales for market orientation need modification to fit the practice of Vietnamese companies. The modified version of measurement scale is presented as one of the outcomes of this study. This proposed measurement scale will help Vietnamese instant coffee companies to keep track of their business activities and improve company performance.

The thesis has achieved its objectives. After reviewing, the validity and reliability of the study are confirmed. However, the study inevitably has some limitations that this study is restrictedly applied to instant coffee industry and that it is geographically limit to Vietnamese market. The sample of this study is small and restraints the ability to generate a general theory. Hence, further research should be conducted to generalize the thesis results.

Key words: market orientation, market orientation measurement, MARKOR, MKTOR, Vietnamese coffee industry, business performance.
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<th>Abbreviation</th>
<th>Description</th>
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<tr>
<td>AMA</td>
<td>American Marketing Association</td>
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<tr>
<td>CAQD</td>
<td>Computer Assisted Qualitative Data Analysis</td>
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<td>CEO</td>
<td>Chief Executive Officer</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>HOSE</td>
<td>Hochiminh Stock Exchange</td>
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<tr>
<td>MSI</td>
<td>Marketing Science Institution</td>
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<tr>
<td>R&amp;D</td>
<td>Research and Development</td>
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<tr>
<td>ROA</td>
<td>Return on Assets</td>
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<tr>
<td>ROI</td>
<td>Return on Investment</td>
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<tr>
<td>SBU</td>
<td>Strategic Business Units</td>
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<td>SCA</td>
<td>Strategic Competitive Advantage</td>
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<td>SSCI</td>
<td>Social Sciences Citation Index</td>
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<td>WCA</td>
<td>World Coffee Association</td>
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1 INTRODUCTION

“Before I refuse to take your questions, I have an opening statement.”

Ronald Reagan

The purpose of this chapter is to put forward the overview of the thesis, its content and structure. This chapter begins with the background of the study and gives explanations why the topic is chosen. Next, the research objectives are declared. Later, the research questions are proposed based on the objectives. The research method, follows after that, is to introduce the method applied in this study. Then, the theoretical framework supplies readers with main theories and concepts that are used in this work. Next, the author will point out the importance of the study and the limitations encountered. Finally, the chapter is concluded with the thesis structure.

1.1 Background

Since the concept of marketing was introduced in 1959 by Giancarlo Pallavicini and later developed by Kotler, there was assumption that there exists a bond between marketing concept and business performance. The marketing concept is a business school of thought, an ideal or a policy declaration that guides company activities (Barksdale & Darden 1971.). However, company philosophy is not always congruent with its execution which is reflected by a company activities and behaviors (Kohli & Jaworski 1990.). In the context of this study, the term “market orientation” is used to depict a company’s realization of the marketing concept. Thus, a company is called a market-oriented organization when company behaviors and activities are in harmony with the marketing concept (Kotler & Keller 2012.). Not until Kohli and Jaworski (1990), and Narver and Slater (1990) proposed a model for validating and measuring the relationship between market orientation and business performance, there had been much devotion of researchers’ effort on testing the marketing concept and its effect on the company performance or strategic business units (SBU). The positive results of those studies confirm this bond (Kohli & Jaworski 1993b; Kumar, Subramanian & Yauger 1998; Mahmoud 2011; Ly, Dornberger & Nabi 2010; Han, Kim &
Srivastava 1998; Hult & Ketchen Jr 2001; Zhou, Yim & Tse 2005; Kumar, Jones, et al. 2011). However, there are some problems that merge from those studies. First, most of the conducted research covers cross-industry area. This may lead to the lack of focus on an individual industry, which offers a deep knowledge and understanding of the effect of market orientation on the specific industry and its bond to business performance (Mahmoud 2011). Furthermore, most research uses the two main methods: the quantitative method and meta-analysis (literature review) to validate the link between market orientation and business performance (Ortega & Criado 2012). This encourages the author to follow a new approach to test the link between market orientation and business performance in a specific industry. In this case, the author chose the Vietnamese instant coffee industry as during the desk research for this topic, the author realized there is a shortage of research on market orientation and business performance in Vietnam (Ngo & O'Cass 2010). Furthermore, the author will propose a measurement scale for measuring the market orientation business performance, specifically designed for companies operate in Vietnam instant coffee industry. This scale is based on the works of Narver and Slater (1990), and Kohli and Jaworski (1990, 1993a).

1.2 Research Objectives and Questions

As mentioned above, the broad purpose of the paper is to propose a measurement scale that is the most suitable and practical for measuring market orientation activity among instant coffee companies in Vietnam. More specifically, the author will propose specific items for market orientation measurement scale, which is particularly designed for Vietnamese instant coffee industry based on the findings and suggests during the research. In order to specify the broad purpose of the research, the following objectives of the research are set:

- Describe the market orientation definition and development history
- Introduce the measurement scales of market orientation
- Using the traditional measurement scale MARKOR (Kohli & Jaworski 1990) and MKTOR (Narver & Slater 1990) to measure the effect of market orientation on Vietnamese instant coffee industry
• Propose a suitable measurement scale if the traditional measurement scale is inappropriate for the Vietnamese instant coffee industry

In order to successfully achieve the objectives above, the following questions are proposed as a guideline for the research process of this study:

1. What is the definition market orientation?

2. How many views are there on market orientation?

3. What are the benefits of market orientation for a company performance?

4. How many ways are there to measure the market orientation performance of a company?

5. Are the traditional market orientation measurement scales suitable for the Vietnamese instant coffee industry to measure their performance of market orientation?

6. If they are not, which modification should be implemented? If needed, which elements of the traditional scales should be removed? Is it necessary to add new elements into the scale? If yes, which elements will be included?

1.3 Research Method and Data collection

The research methodology of this study will be summed up by the figure below:
FIGURE 1. Research Design

Following, the author is going to explain the choice of research methodology step by step.

According to Saunders, Lewis and Thornhill (2009), there are three main approaches: Deduction, Induction and Abduction. The two former approaches are broadly used in due to theirs ease of application. Burney (2014) explains the deductive approach as the logical reasoning from general theory to more specific findings. On the other hand, the inductive approach is described as a process that moving from specific observations to broader generalization and establishes theories. This latter approach, however, contains risk of uncertainty as the approach always needs confirmation from further research to prove its validity.

In any circumstance, the research approach is chosen based on the character of the research. In this paper, the author begins the study with previous theories, and combines with the author’s observations to achieve new conclusions. Therefore, the deductive will be employed in this study as the purpose of this study to gain new findings from earlier theses.
FIGURE 2. Deductive Approach

Among different research methods, qualitative and quantitative are the most common used in research. Quantitative is employed in studies that test the relationship between variables. Usually, this method is combined with deductive approach to give the best result. The other method is qualitative research. Qualitative method is used in research to study the relationship between participants’ meaning. Saunders, Lewis and Thornhill (2009) suggest that qualitative method combines with deductive approach is suitable “to test an existing theoretical perspective”. Kumar (2005) advised that the choice between quantitative and qualitative should be considered based on the aim of the study which is to explore, confirm, or to quantify the findings or can be stood on the use of findings: to formulate policy or to understand the process.

Based on the purpose of the study, the method will be chosen accordingly. The main purposes of this thesis are to investigate the relationship between market orientation and company performance, and to propose a suitable measurement scale to measure the market orientation specifically for Vietnamese instant coffee companies. This thesis’s purpose dictates the exploratory nature of the research. Keegan (2009) suggested that qualitative method answers the questions concerning topics of what, why and how. As a result, it is reasonable for the author to implement qualitative method in this study.

Data collection is the crucial process that gathers information and data, and measures them to make the ground for the research’s conclusion (Sapford & Jupp 2006). In this research, data collection process is conducted through semi-structured interview, and the structured surveys, which were done by the case companies’ staff. First of all, the structured survey (the measurement scale) is sent companies to analyze the relationship between company performance and market
orientation. After that, the author directly interviews case companies’ staff to evaluate the usefulness of the measurement scales and asks them (case companies’ staff) for suggestion. The secondary data utilized in this research is mainly from books, published articles, and academic journals. Some electronic sources are also employed to get an up-to-date point of view of the study’s context.

1.4 Theoretical Framework

This thesis contains two main parts the theoretical framework and the empirical case companies. In the theoretical part, the author is going to review the literature and previous works relate to market orientation and business performance. There are many points of view on the market orientation and business performance. The most prominent conceptualization of this topic are the two concepts MARKOR (MARKet ORientation) by Jaworski and Kohli (1990) and MKTOR by Narver and Slater (1990). The majority of academic works on market orientation are based on these two MARKOR and MKTOR models. There are also some different schools of thought about market orientation, which will be discussed in the literature review. Below there are figures that depict the two models, which will be used as the main framework of this thesis.

In this model, top management, interdepartmental, organizational system are the antecedents (or the elements/ seeds) of Market Orientation. If a company is able to execute these elements well, it will lead to the improvement of company performance, which is considered to be the consequence of Market Orientation. These concepts will be specifically described in chapter 2. Following is the figure describes MKTOR model.
The MKTOR model includes the three behavioral components: customer orientation, inter-functional coordination and competitor orientation. According to Narver and Slater (1990), the outcome of these behaviors increases the company long-term profit and continuously creates superior value for customers.

1.5 Importance of the Research Topic and Contribution of the Study

Market orientation was first presented by McKitterick (1957) more than sixty years ago in the 1950s. This concept attracted much attention and effort of academic researchers and quickly expanded after the publication of the two inspiring works of Kohli and Jaworski (1990) and Narver and Slater (1990). However, according to Gray, et al. (1998), the two constructs of Kohli and Jaworski (1990) and Narver and Slater (1990) should be examined under various business environments and cultures. The examination would help to enrich the applicability of the instrument, sharpen and make it be more trustworthy market orientation concept (Gray, et al. 1998). From the macro perspective, this study will contribute to the effort of making the market orientation concept more reliable and trust worthy. In addition, both business and scholars are interested in the effect of market orientation on daily business activities and in the cost of

At present, the market environment is turbulent more than ever. Hence, every company is actively seeking for a business orientation that provides competitive advantage over competitors. The market orientation is the solution that firms are looking for (Kumar, Jones, et al. 2011). This study shall provide Vietnamese companies the crucial knowledge of market orientation which help them to implement the market orientation into practice and to track the progress of the implementation.

One important thing should be put in mind that most research on market orientation and its implementation take place in the America and Europe. However, it is safe to assume that the market orientation will affect Vietnamese companies in the same way as it affects any American or European company (Ly, Dornberger & Nabi 2010). In addition, Vietnam has just opened its market in the 1990s and Vietnamese business have limited knowledge of strategic marketing which leads to restraint implementation of market orientation (Napier 2005). By directly interviewing the marketing personnel of case companies, this study will unveil the level of the implementation of market orientation into practices and its impact on company performance in Vietnamese instant coffee industry.

Last but not least, this study contributes to the existing knowledge of market orientation as the research on market orientation of Vietnamese instant coffee market which has not been done before. In addition, this study also put up a measurement scale that helps Vietnamese business assess their market orientation implementation and this measurement scale also can be used by researchers in their future research concerning similar topic.

1.6 Scope and Limitations

Before beginning, some caveats and clarification must be proclaimed. This study is to validate the bond between market orientation and business performance among the top companies in instant coffee industry and to propose a suitable measurement scale for measuring the practice of market orientation in Vietnamese
instant coffee industry. Therefore, the context of this study geographically limits to Vietnam. Any attempt to apply this outcome to another market should be put in to serious consideration. The author firmly believes that the outcome of this research shall shed light on the effectiveness of marketing practice of coffee companies that operate in the Vietnamese market and give them a proper measurement scale by using relevant marketing metrics. However, limitations are inevitable.

According to an analysis of more than 50 studies published studies from 1990 to 2008, the research on market orientation can be divided into three main lines, which are conceptualization and measurement, antecedents and consequences, and implementation (Pandelica, Pandelica & Dumitru 2009). In this study, the author decides to choose study about the conceptualization and measurement of market orientation in the Vietnamese instant coffee industry. Therefore, other extended environment factors will be neglected.

Furthermore, the evaluation of market orientation and business performance would be more fulfilled if the customers’ point of view is tested.

Last but not least, with the limit of the author’s ability, this research is conducted using a small number of cases. This causes difficulty to bring out new theory as many different aspects have not been validated. However, there is one thing to keep in mind, and that is, the purpose of this study is not to offer a generalized result but to evaluate the usefulness of market orientation measurement practicing of Vietnamese instant coffee companies in a specific context with the aim of theory building.

1.7 Thesis Structure

This part is planned to guide the reader through the thesis systematically. To begin with, the table of content will illustrate the structure of the whole thesis concisely. Next, the following text will explain each chapter in brief.
Chapter 1: Introduction

- Background
- Research objectives
- Research questions
- Importance and Contributions
- Scope and Limitations
- Thesis Structure

Chapter 2: Market Orientation

- Definition of Market Orientation
- Development of Market Orientation over time
- Jaworski and Kohli’s Market Orientation model
- Narver and Slater’ Market Orientation model
- Other authors’ model of Market Orientation
- Market Orientation measurement scales

Chapter 3: Industry overview

- Brief overview of Vietnamese instant coffee industry
- Keyplayers in the Vietnamese instant coffee industry
- Market overview
- Consumption habit and trend

Chapter 4: Methodology

- Research Method
- Research Context
- Data Collection
- Data Analysis

Chapter 5: Analysis and Findings

- Research Design
- Within-case Analysis
- Cross-case Analysis

Chapter 6: Conclusions, recommendations and limitation

- Discuss the results
- Recommendations for further research
- Limitations of the study
This study contains seven chapters. It starts with the introduction of the background of the study. In this introduction, the objective is drawn and the research objective will be proposed as a research guideline for this study. Following, the literature review offers reader knowledge concerning the core definitions and theoretical frameworks of the study. Then, the industry overview provides readers understanding concerning the research context. Next, the methodology part will explain the process of how data is collected and how it is analyzed. The empirical study will show reader the analysis process and the results of the analysis will be drawn. The study follow with the discussion of results. The author will point out the limitation of the study and suggest topics for further research. The study ends with a summary of the research and a list of references.
2 MARKET ORIENTATION

"The most important thing is to forecast where customers are moving and be in front of them”

Philip Kotler

After going through different articles, journals and research in the past to the most recent in 2013, the author realized the importance of market orientation concept that makes it became one of the core studies of marketing academics. The author’s interest is to develop this idea in firms that encounter difficulties academically and managerially to help them compete in the tough Vietnamese instant coffee industry. This chapter is to describe theories concerning market orientation and the development of the concept in order to give the readers basic knowledge about what market orientation is; explain the reasons why it is important to companies and how to measure the impact of market orientation on business performance.

This literature review part begins with the definition of the concept of market orientation. In this part, readers are provided with a handful points of views, components and characteristics of market orientation from different authors. Next, the development of the market orientation will be reviewed. After that, the two profound works of Narver & Slater (1990) and Jaworski & Kohli (1990, 1993a) on market orientation are recapped. Along with the two profound works, other points of view on market orientation are also mentioned and described in this part. Finally, the introduction market orientation measurement scale: MARKOR by Jaworski and Kohli (1993a), and MKTOR by Narver & Slater (1990) will end this part.

2.1 Delineation of Market Orientation

The principle of any business out there in the market is to optimize their earning at the highest possible level. In order to accomplish that mission, companies have to obtain the sustainable competitive advantage (SCA) over their competitors (Gudlaugsson & Schalk 2012). Thus, it is important for any manager to recognize and comprehend the orientation that allows firms to acquire the SCA. Overtime, the idea of SCA has been evolving through different forms. In the past, the SCA is
mostly emphasized on economies of scale, standardization (production orientation) or a various product line (product orientation), which provides the companies abilities to offer their customers a wide range of products and services at an affordable price. Recently, this strategic orientation has been switched to market orientation which accentuates the ability of business to continuously creating superior values to the customers (Kotler, Kartajaya & Setiawan 2010). Market orientation is first mentioned as a strategic framework that facilitates companies to implement the marketing concept. It encourages companies constantly tracking and reacting to market volatility by putting the customers in the heart of their strategy (Kohli & Jaworski 1993a). Since the 1990s, there have been many published articles that show the positive relationship between market orientation and business performance (Kirca, Jayachandra & Bearden 2005). Most of the findings confirm that the market orientation positively relates to the capability of companies to create superior values. In the best paper awarded by Marketing Science Institute, Day (1993) argued that the more effort companies pay to study the market, the higher is the possibility that companies will successfully perceive and respond to unexpected incidents in the unstable and shredding market.

It is safe to assume that the market orientation is founded on the same principles as the marketing concept. A brief review of literature definition of marketing concept will offer a solid proof for the assumption. Lavidge (1966) thinks that marketing is a set of activities that circle around the three main focus of a business: the customer, the operation of marketing and the company profit. Alderson and Green (1964) state that the marketing concept must contain finance, production, and research and development (R&D) activities (about customer and market). Kotler (2012) claim that the marketing concept is built on the main three pillars: customer-centered, coordinated marketing and profitability. Jaworski and Kohli (1990) also provide a definition of market orientation: “it appears reasonable to conclude from the literature that a market-oriented organization is one in which the three pillars of the marketing concept: customer focus, coordinated marketing, profitability are operationally manifest”, which can be understood that market orientation is the implementation of marketing concept into business activities.
In the next step, the author will offer explanation of the three pillars of marketing to facilitate reader to catch the main idea of the concept. Customer-centered or customer focus suggests that companies should invest much on the research activities that boost the knowledge and understanding of companies over customers’ needs, wants, demands, and expectations (Kotler & Keller 2012). After knowing those demands and expectations, the next step the companies should do is to design products and services that satisfy those needs. The marketing planning, survey, market intelligence generation, and dissemination will help to secure the success probability this process (Gudlaugsson & Schalk 2012). The focus on integrated marketing implies that the companies’ marketing activities are well coordinated and all those activities should look after each other. Lastly, the profit focus implies that profitability is a significant measurement scale for any project, strategy decision, and management as the principles for the existence of any company is to gain profit for its stakeholders.

FIGURE 6. The three pillars of marketing concept. Self-elaborated on Kotler and Keller (Management Marketing 2012)

The marketing concept has been widely accepted to be categorized by two types: the “old” marketing concept and the “new” marketing concept (Osuagwu 2006). Gunnay (2002) depicts the “old” marketing concept as a philosophy with the main concerns are customer-orientation, innovation and profit. These concerns will play
as incentive for creating satisfied customers. While the “old” marketing concept is viewed as a philosophy, the “new” marketing concept is more explicit. The “new” marketing concept includes customer-orientation, market intelligence (intelligence generated through surveys, research), value delivery, market targeting and value proposition, total quality management, continuous learning and improvement in products/services, customer-oriented culture, coordinated and integrated business activities. All the these mentioned features of “new” marketing are tailored toward achieving better efficiency and effectiveness, which ultimately provide superior advantages over competitors. To sum up, the “new” marketing concept is a way of carrying out business. It is a business culture and an integral part of market economies (Matsuno, Mentzer & Rentz 2005).

There have been several terms used to betoken the market orientation construct (Narver & Slater 1990; Kohli & Jaworski 1990; Shapiro 1988; Harris & Ogbonna 2001). Some notable illustrations comprise “integrated marketing” (Felton 1959); “marketing oriented” (Gummesson 1991); “customer-oriented” (Kelly 1992); “market-led” (Piercy 1997); “market-oriented culture” (Harris 1998a; 1998b). Even the concept is called by different names, there is unspoken agreement in the literature that there are few differences among them (Shapiro 1988). However, the term “market orientation” is widely accepted as the most relevant label to depict the construct (Kohli & Jaworski 1990; Narver & Slater 1990). The following paragraphs will give some of the most frequently utilized taxonomies and definitions of market orientation.

A number of authors defined market orientation as a pattern of organizational cultures in which employees of whole organization are systematically and wholly committed to the process of continuously creating superior customer value (Kohli & Jaworski 1990; Narver & Slater 1990; G. Day 1994; Deshpandé, et al. 1993; Ngansathil 2001). Kohli and Jaworski (1990) claim that the market orientation is rather a kind of a degree, which means market orientation should be embodied within companies since the beginning. These authors think that the difference between companies is the level of implementation of the concept. Narver and Slater (1990) affirm the idea of Kohli and Jaworski, and add that market orientation cannot be just simply switched on or off. A market oriented company
is not just a company that is customer-led. That company also demands the effort of the whole organization to be completely carried out in the long term and this usually leads to a complete change in company culture.

The three main factors of market orientation concept: customer orientation, competitor orientation, and inter-functional coordination, are long-term in vision and profit-directed, claimed Narver and Slater (1990). By extensively interviewing manager and executives, they come up to conclusion that market orientation is able to offer consolidative direction for the efforts and projects of individuals in organization, hence leads to better functioning. An extensive stream of research and empirical evidences since the 1990s has discovered a substantial bond between market orientation and several measurement items of business performance like profitability, sales growth, customer satisfaction, innovation and so on. For an organization to adopt market orientation, their employees must share the same goal and work together toward it. As Zeithaml and Bitner (2004) claim that employees who have their colleagues endorse and empower them, tend to show a great esprit de corps and create super customer value. Hence, the interdepartmental coordination among employees is of crucial for companies that want to achieve high level of market orientation. The following text will describe some comments of different authors on market orientation.

Bisp (1999) state that market orientation is a sequence of company’s actions to acquire, interpret and apply the information about current clients, new clients and rivals to gain competitive advantages. In addition, Bisp also thinks that the ability to continuously learning of organization and the ability to successfully manage the human resources attract and develop workforce that have needed knowledge and skills, will secure the success of increasing market orientation. In another work, Farell (2000) agree with Bisp and state that the organizational learning ability plays a vital role of implementing market orientation. There is one important point that Bisp (1999) advises people that they should not confuse market orientation and marketing orientation. While marketing orientation has a functional focus, Bisp (1999) thinks that market orientation has a behavioral focus with the manifestation of company culture and strategy.
Narver, Slater and Tietje (1998) depicts market orientation is more of a business culture with the main factors culture, management and market orientation, are interconnected. These authors think that, for a company to successfully adopt market orientation, the top management figures must obtain a crystal clear vision and this vision should be disseminated from the top to the bottom. In a market oriented company, the company’s mission, vision and values must be communicated clearly in a way that every employee acknowledges his or her role. This communication helps company be able to change, adapt and survive in a volatile market where the competition is harsh and expectation of customers is increasingly demanding.

Recently, Kotler and Armstrong argue that good market oriented company is a company that can equalize the customer orientation and the competitor orientation within organization. Hence, a company which adopts market orientation and fails to equal the two orientations within company will certainly end up performing badly (Kotler & Armstrong 2010.).

Gudlaugsson’s comment on market orientation portrayed market orientation as behaviors that implement market concept and has characteristics of gathering market data, analyzing data and disseminating the processed information throughout organization (Gudlaugsson & Schalk 2012). Gray et al. (1998) situates that the definition of market orientation in the works of Narver and Slater (1990), and Kohli and Jaworski (1990) are widely accepted as the most accurate definition.

2.2 History of Market Orientation

The labels like market-driven, market-oriented and customer-focus have been perceived as proactive strategy with customers are put in the middle of it. The idea of putting customers into the middle of focus of business planning is considered to be very modern one. Companies that follow this idea are described as ones that have activities surrounding customers’ needs and wants, which are studied thoroughly and understand very well (1999). One of the most famous marketing guru, Peter Drucker, argues that marketing is not a specialized functional activities
but it should be defined as “the whole business seen from the point of view of its final result, that is, from the customers’ point of view.” (Drucker 1954). The market orientation concept is founded based on marketing concept which is quite new and emerged in 20th century. Another definition of marketing is quoted from the American Marketing Association (AMA) website (American Marketing Association 2013):

"Marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large. (Approved July 2013)"

Bagozzi, Corronel and Rosa (1999) argue that company must utilize its marketing activities and turn it into a competitive edge to make it satisfies and exceeds customers’ needs and expectations, achieves company mission and outperform other rivals.

One of the earliest marketing researchers is Paul Converse. He is considered to be one of the first researchers that made an extensive review of marketing concepts in 1945. Converse went through a great number of books and studies about marketing. In addition, he also revised knowledge from marketing courses that were taught throughout American universities about the subject until the 1940s. There was an amazing point that caught Converse’s attention. In 1878, businessmen and merchants started to have interest in making more revenue by increasing sales, improving sales processes and ways to increase demand for their products and services. As a result, they expected this would lead to increase the customers’ purchase and started to educate their sales force how to consistently sell more goods. Gradually, this knowledge was spreading and gaining fame and finally lead to the foundation of marketing courses in the university of Illinois in 1901, one of the earliest in the world (Gudlaugsson & Schalk 2012.).

In the early days of marketing textbooks, economic theory dominated in the content of those books. The very first research papers with empirical evidences on marketing and related subjects were published in the early of the 1920s (Converse 1945; 1951). One of the earliest academic journals about marketing, the Journal of Marketing was founded in 1936. It attracted 600 subscribers in the first year in
service. The demand for such academic journal increased fast among businessmen and academics in the States.

In 1948, the AMA (2013) introduced the primary definition of marketing, which made sense at the time:

”The performance of business activities toward, and incident to, the flow of goods and services from producer to consumer”

Take a look back to the new definition of marketing by AMA in 2013, we clearly notice from both definitions, marketing is viewed as a specialist function that manage decision-making actions that create offers which meet customers’ wants and needs in the purpose of satisfying company’s goals (Grönroos 2006).

The boom of marketing academic courses is also an indicator for the importance of this subject. According to AMA, it is currently having around 40,000 subscribers and about 750,000 readers, in the United States only. In the last decades, the academic courses, textbooks and studies of marketing have breached the mindset of businessmen around the world. Nowadays, marketing is one of the must-have departments in any company.

The market orientation is considered a new concept and a part of marketing theories. Before “market orientation” became the term depict the concept of adopting marketing concept into practice, many researchers and marketing professionals described it in various ways. One of the descriptions is from management guru Drucker (1954), which stated that customers are the only one that can define what a company is by assessing company’s ability to satisfy their needs and expectations. In order to facilitate the development pathway of market orientation, the Marketing Science Institution (MSI) organized a conference about “developing a market orientation” in 1987. Desphandé (1999) describes the main intention of this forum is to present some early findings from studies of the implementation of market orientation, and to encourage a new wave of researching regard a proper definition, application model and measurement scale of market orientation. After the forum took place, there was a tremendous stream of research regard market orientation. In the following forum in 1990, both
academic researchers and companies’ personnel joined the pulpit to express their experiences with market orientation. The wave of market orientation research reached its peak in 1994 when MSI recognized it as the most popular research topic.

In 1990, two remarkable studies, Kohli and Jaworski (1990) and Narver and Slater (1990), were published. The studies are so prominent that they became a monument and shed light for the application of the market orientation theory into business research. The first paper was from Kohli and Jaworski (1990). The paper depicts the antecedences and consequences of market orientation and the external factors that moderate the effect of market orientation. The second paper by Narver and Slater (1990) came out later in the same year. Narver and Slater offered a framework for market orientation with three dimensions: customer orientation, competitor orientation ad inter-functional coordination. In the following text, both views of market orientation will be put under scope.

2.3 Kohli and Jaworski view

In July 1990, the paper of Kohli and Jaworski “market orientation: the construct, research propositions and managerial implications” was published. This paper put a firm base theory regard market orientation for researchers. In this paper, Kohli and Jaworski suggest that market orientation be the adoption of marketing concept into practical activities of companies. The authors also put forward a model of market orientation practices in their study. The model contains three main pillars: the collection of market data, the dissemination or processed data, and the taken actions based on the intelligences gathered. The model MARKOR (MARket ORientation) is the result of the extensive surveys and interviews of 62 individuals, 33 held marketing positions, 15 held non-marketing positions, and 14 held senior management positions from 47 companies in the United States. The industry sector of 47 sample companies is various and so is their size.

In their study, the authors used Return on Asset (ROA) and sales growth as indicator for measuring company’s performance. They found out that the profitability was also another outcome of the adoption of market orientation, and
not an element of it. Kohli and Jaworski did not view market orientation is an aspect of organizational culture but rather a process oriented. Kohli and Jaworski (1990) defined market orientation:

“Market orientation is the organization-wide generations of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organization-wide responsiveness to it.”

It is to say that market orientation can be considered as the adoption of marketing concept where a firm whose activities are in harmony with the concept is considered a market oriented firm. In the MARKOR model of Kohli and Jaworski, the market intelligence plays role of initiating market orientation. The market intelligence concerns the data collection, data assessment of customer needs and wants, competitors’ data and government regulations which may affect those needs and wants. The following major role of market orientation is the organizational learning. Organizational learning is considered by the authors as the main the creation of market orientation. The principle of organizational learning is that every individual of organization must participate in a constant process of gathering, disseminating and communicating data surrounding all departments in an organization. There is one crucial thing to put in mind regard this model is that this critical role, organizational learning, is not the sole task of the marketing or sales department but rather it requires the participation of whole organization individuals. This school of thinking is similar to recommendation of Narver and Slater (1990), Slater and Narver (1994), and Shapiro (1988) on the significance of interdepartmental coordination. The following text will describe the market orientation model of Kohli and Jaworski in detail with two main parts: antecedents and consequences.

2.3.1 Antecedents of Market Orientation

In the antecedent part of market orientation, Kohli and Jaworski suggested three groups of antecedents, which are top management, interdepartmental dynamics (interdepartmental coordination), organizational systems.
Top management plays a crucial role of enhancing market orientation of organization. Two authors emphasized the importance of top management by stating that top management would encourage individuals in organization tracking changes of market, sharing market intelligence and be more responsive to market needs. Moreover, the authors thought that top management were the factor that trigger market orientation because “unless an organization gets clears signals from top managers about the importance of being responsive to customer needs, the organization is not likely to be market-oriented”. In addition, the top management individuals should possess a positive feeling towards organizational learning and changing. They also should have ability bearing risk because risk aversion is considered a factor that slow down the market orientation process (Kohli & Jaworski 1993a.).

Next, interdepartmental dynamics is the second factor of market orientation’s antecedents. Interdepartmental dynamics refers to formal and informal communication and relationships among different departments of organization. The research’s findings of Kohli and Jaworski indicate that the relationship among department has serious effect on the practice of market orientation. In a fragmented organization where relationship among departments is weak, information and market data are not well distributed and stagnant. Consequently, the market orientation activities of organization are in danger. Contrastingly, in a connected organization, data/information stream flows among departments flawlessly. This leads to cooperating atmosphere in organization and facilitates the development of market orientation. Hence, interdepartmental dynamics is of importance to market orientation.

Last but not least, the final group of market orientation is organizational systems. Organizational systems concern the characteristics of organization’s system. Kohli and Jaworski explained that in the organization which has high formality and centralization level would, expectedly, create obstacles market orientation because it prevents the flow of information/data and knowledge sharing among departments. In these organizations, the important information or market intelligence takes long time to reach relevant authorities or departments but when the information is able to be reached right personnel, the information is already
obsoleted. This characteristic seriously harms market orientation behaviors. Other authors also agree with this idea. Levitt (1960) argue that departmentalization and specialization are the main barriers to organizational communication, which lead to decrease in intelligence dissemination. Hence, for an organization to increase its level of market orientation, it must possesses organizational system where the employees understand their role and importance in the organization, and get to know that certain behaviors will lead to more profit, hence more bonus for themselves. This kind of organizational system will encourage employees involve deeply in market orientation behaviors. The study of Kohli and Jaworski suggested that the extent of responsiveness to market intelligence depends on the design and selection of products and services, target market and production, distribution and promotion of products (Kohli & Jaworski 1993a).

2.3.2 Consequences of Market Orientation

Generally, Kohli and Jaworski suggested that market orientation will benefit organizations in three facets: employee response, customer response and business performance (1990). In the subsequent paragraphs, the consequences of market orientation will be explain clearly.

With respect to employee response, in their study, Kohli and Jaworski found out that market orientation contributes psychological and social benefits to employees. The authors mentioned the benefits are (1) esprit de corps, (2) organizational commitment, and (3) job satisfaction. They also suggested that the higher the level of market orientation is, the greater the benefits are. Moreover, these benefits could lead to a coherent product focus, better sales performance, a broader view of product reviewing – which gives result of better differentiation (Kohli & Jaworski 1993a.).

Concerning customer response, the study pointed out that market orientation practices could help organization attracts more customers. Then, those customers would spread their words to other people in their network, which significantly increase the organization’s potential clients.
In regard to business performance, market orientation was also proven to offer some positive signals. However, market orientation may not be a critical element under some conditions. Though, the study of Kohli and Jaworski showed that the better extent of market orientation application, the higher profit, sales, demand and market share the company will gain. It is worth to put in mind that in some cases, market orientation contributes insignificantly to company performance, especially in market where the competition is low, technology development is slow and business environment is stable. Hence market orientation only show its significance in a market with reverse condition where the market turbulence is high with stiff competition and fast-paced technology innovative.

In a second research regarding market orientation in 1993, Kohli and Jaworski found positive results of market orientation effect on companies. Moreover, in 1990, the authors confirmed the hypothesis that market orientation is founded based on three main facets, which are customer focus, interdepartmental coordination and profitability. The figure below will sum up the idea of Kohli and Jaworski concerns market orientation in brief.

The figure illustrates the communication between intelligence generation, intelligence dissemination and market responsiveness. Intelligence generation is the process of gathering information/data concern customers, rivals and market changings. This information/data should be distributed efficiently among departments in order to help organization get updated with current situation. The distribution and sharing information/data is call intelligence dissemination. As mentioned above, this element depends much on the connection of an organization. The third element, responsiveness, is the outcome of the precedent elements. Specifically, the responsiveness only happens when intelligence sharing process is comfortable. The intelligence sharing phase is comfortable when there is an emphasis from the top management. Therefore, if the two previous processes were carried out accordingly, the responsiveness would be a triumphant result.

2.4 Narver and Slater’s view

The year 1990 is a memorable year for the development in the academic research on market orientation. After the study of Kohli and Jaworski published in April, three months after, in July, Narver and Slater introduced their paper “The Effect of a Market Orientation on Business Profitability”, which is considered another remarkable view on market orientation. Similar to Kohli and Jaworski’s intention, Narver and Slater wanted to build a model of market orientation and offer a utile definition for market orientation. The research of Narver and Slater is quite extensive, which attracted the participation of managers of 140 SBU (strategic business unit) (both commodity products business and non-commodity business) in a single major western corporation, and their view on market orientation is different from two previous authors. Unlike Kohli and Jaworski who regards market orientation as behavioral perspective, Narver and Slater consider market orientation to be an organizational culture (Ortega & Criado 2012). Moreover, Narver and Slater took market orientation definition to another level by reasoning that market oriented companies should equally focus on customers and competitors. This point of view is later adopted in Kotler and Keller’s theory (Kotler and Keller 2012). Moreover, interdepartmental coordination is also given prominence to as this is a way to create simultaneity among departments of an
organization and make it a part of organizational culture. The definition of Narver and Slater on market orientation can be divided into two main parts: the behavioral part and decision principles (for behavioral part). The behavioral part consists customer orientation, competitor orientation and interfunctional coordination. The decision principles, which drive the company behaviors, include long-term focus and profitability. The following text will explain definition of market orientation of Narver and Slater in more detail.

2.4.1 Behavioral Aspects

There are evidences from research papers, which confirm that market orientation activities’ results would benefit companies in a materialized way. The extent of market orientation can be detected by employees and customers satisfaction and loyalty. Companies which possess excellent practice of market orientation are able to offer their customers great experience by highly skilled and professional staffs. Customers of those companies will perceive greater value for the money they spent on products/services. In addition, the staffs of those companies also gratify with the working environment which lead to the increase in their loyalty toward companies. It is easy to recognize the contribution of previous research works in Narver and Slater’ investigation. Day and Wensley (1988) suggest that market-oriented companies are not only capable of understanding their customers but also developing knowledge of their customers’ business environment which are utilized to increase companies’ ability to predict and respond to customer’s wants and needs in the future. This suggestion is in harmony with Kohli and Jaworski’ recommendation (1990) that companies instantly gather and examine information of customers in order to react to contingency which may emerge in the future. In order to acquire those knowledge, employees of those companies must deeply involve in association with customers, shift their focus on service delivery process, and handle their customer relations accordingly (Narver and Slater 1994). These ideas are the main principles of customer orientation aspect.

The next aspect is competitor orientation. Competitor orientation requires companies to continuously identifying, tracking and analyzing the strength,
weakness and capability of both current and potential rivals. This idea is very reasonable though not totally mint. Before, Levitt already argued that along with customer focus, organization should concentrate on competitors as well because multidimensional view provides organization broader view on market and help to fulfill current and potential needs and expectation of customers (Levitt 1960.).

Interfunctional coordination is the third facet of the marketing behavioral aspect. This facet suggests all departments in company be well coordinated to serve customers accordingly. This suggestion is based largely on the outcomes of Shapiro’s research on market orientation which suggests that market orientation is not the same as marketing orientation because market orientation not only requires the marketing department but also the whole organization has to participate in the process of satisfying customers (1988). According to this school of thought, the role of individuals and departments in companies is of crucial as they must obtain appropriate Later, Kotler and Keller also supported this way of practicing business and call it “integrated marketing” (Kotler & Keller 2012).

Narver and Slater think that a true competitor and customer orientation must cover all activities from generating intelligence concerns customers and rivals, analyzing the intelligence to spreading the intelligence throughout departments (1990). Hence, the market oriented organization must secure the ability to create favorable environment and business systems for the generation, analysis and distribution of intelligence to achieve competitive advantages by providing superior value for customers.

2.4.2 Long-term focus and business performance

In a previous research, Felton found out that market oriented organizations have tendency of possessing a long-term focus on profits and applying market orientation to a great extent (Felton 1959). Traditionally, it is supposed that short-term focus on profit is contrast to long-term profit performance. In another words, short-term focus on profit may undermine the profitability in the long run. However, interestingly, a research of Levitt (1960) proves this assumption is not quite correct and affirms that short-term profit focus and long-term profitability is
in harmony. Levitt explained the relationship as following: The main company’s competitive edge is to offer superior value to customers; obviously, rivals respond and try to decrease company’s value superiority and hence, company answer by adding more value to customer (short-term react to competition), example: company tries to increase product value’s offers. Provided that company successfully respond to its rivals and this process can repeats itself, the processes become a feedback loop which strengthen company’s competitive edge in the long run and lead to positive effect on profitability. Therefore, in order to remain alive and prosper in an aggressive market, company is advised to concentrate on building a long-term strategy that facilitates the practices of market orientation. Gudlaugsson and Schalk (2012) emphasized that market orientation is not just a business status that can be switched on or off but rather a long-term focus that requires company to cluster resources on it.

Narver and Slater (1990) confirmed the relationship between market orientation and business profitability (measured by Return on Investment – ROI) in their investigation on a forest industry company. Their study was so remarkable that Social Sciences Citation Index (SSCI) has shown more than 100 results that refer to this study. Moreover, the field of study that refer to this study is not only limited in marketing theory but also extend to marketing management and marketing strategy documents (Kotler & Heskett 1994; Kohli & Jaworski 1993a; Desphandé 1999). In the study, Narver and Slater used Return on Investment (ROI) to measure the business profitability. In addition, they only investigated in a limited context: forest industry. The limited context of the research may lead to constraint of generalizing the study’s result. In 1993, Kohli and Jaworski (1993a) conducted a wide-range research to test the relationship between market orientation and business profitability. The collected sample is huge and from various industries. 500 biggest companies are chosen from Dun and Bradstreet Million Dollar Directory list. Chief Executive Officer (CEO) and marketing managers of these companies are the object of the interviews, to obtain their assessment of their company’s market orientation practices and profit performance. Interestingly, contrast to the suggestion of Narver and Slater’s study (1990), Kohli and Jaworski found no serious association between their measure of market orientation practice and company performance, either ROA) or market
share. This outcome is problematic as the generalization’s ability of Narver and Slater’s study may be called into question. In another words, Narver and Slater’s outcome could be assumed to be restrictedly applied to some cases and does not relate to all companies and industries. In an effort to revisit their study outcome which stated market orientation and profitability are directly proportional, in 2000, Narver and Slater replicated the research using various samples to a greater extent and different interviewees’ evaluation of market orientation and business performance. This is to remove the limitation of context in their old research. Once again, Narver and Slater found potent evidences for the relationship between market orientation and business performance (profitability). Interestingly, the bond between market orientation and business performance shows even more vivid signals in this study. In addition, market orientation practices and outcomes are said not only be influenced by internal factors (employees’ behaviors, top managers’ vision and emphasis...etc.) but also be affected by business environments and competition levels (Aaker 1989). This characteristic is also proven by recent studies (Gudlaugsson & Schalk 2012; Kumar, Jones, et al. 2011). Moreover, in a revision of market orientation research, Ellis (2005) discovers that market orientation shows more significant signs in developed countries than it does in developing economies. One of the reasons for this condition is the level of knowledge of customers in developing countries is rather low. Consequently, customers in developing countries do not pay much attention to the differences among offers from companies. This reduces the incentives for companies to adopt market orientation practices in their culture. Besides, the lack of competition and capitalism also contributes to the less effectiveness of market orientation in developing countries. Vietnam is considered to be a developing country (CIA Factbook 2014). Therefore, market orientation can be assumed to have less effectiveness in Vietnam. However, studies of market orientation practices in Vietnam prove otherwise (Le, Pham & Evangelista 2013; Ly, Dornberger & Nabi 2010). These studies point out that companies whose better orientation toward customers gain higher business performance against their direct competitors, which does not put much effort on listening to customers. Overtime, market orientation has gained fame and popular in this market. It is safe to assume the effect of market orientation on company performance holds true in Vietnam.
market and also in Vietnamese instant coffee industry where, currently, more than 10 companies are doing business in this field (fierce competition) with large capital concentration and customers’ awareness for instant coffee is increasing (USDA 2013). Consequently, it is reasonable to expect market orientation status in Vietnam is similar to that in developed countries to some extent.

To have a general look on Narver and Slater’s view of market orientation, a simple model will be presented below. In this model, the elements: customer orientation, competitor orientation and inter-functional coordination will be circling around the core principles of market orientation: long-term focus and profitability. Narver and Slater think that prerequisite for the successful outcomes of company market orientation practices is embodied within these elements. If there is no continuous process of data generation (tracking market and customers’ changes) and company’s innovation, company will not possess enough information and mean to provide customer additional values. Provided company successfully executes the process of continuously provide customers with superior values, this will lead to better profit performance in long term. While the advertising or marketing campaign can temporarily boost company revenue, these tactics cannot provide a sustainable profit performance. Rather, company should build its own system that can secure profit performance through company’s reputation and image. The obvious way to achieve this is to obtain increasing repeated-customer and this is the consequence of continuously offering superior values to customers.

FIGURE 8. Narver and Slater's view on market orientation (MKTOR model).
Source: Adapted from Narver and Slater (1990)
Before going to other authors’ point of view on market orientation, it is advised to examine the similarities and differences between Kohli and Jaworski’s and Narver and Slater’s view on this subject.

2.5 Mutual and Distinctions between Kohli and Jaworski’s and Narver and Slater’s view

At a glance, the point of view of two models looks similar to some extent. Interestingly, two models well supplement each other in some aspects. To a great degree, many authors who had conducted review on market orientation agreed upon that two mentioned models are the fundamental for who want to discover the meaning of market orientation construct. Additionally, many studies drew conclusion that market orientation practices (in case of well conducted) can grant companies competitive advantages over rivals. Generally, two models emphasize the important role of intelligence of customers and rivals to be a requirement for a successful market orientation. Moreover, two models also mention the need of top managers and employees’ participation in the market orientation practice process. Last but not least, two models also describe that market orientation is build based on the equalization of three factors: customers, competitors and internal forces.

Kohli and Jaworski’s and Narver and Slater’s models may look like twin models. However, they have some distinguished features that readers should take note. The model of Kohli and Jaworski (MARKOR) put more emphasis on customers because they think market orientation as the realization of marketing definition which is discussed above. On the other hand, the model of Narver and Slater (MKTOR) underlines the effort internal forces of organization (top managers and employees) and describes market orientation as the corporate culture, which is the driver of particular customer or competitor oriented activities and eventually lead to competitive advantages over rivals in the market.

In conclusion, it is advised by different authors that if one wants to conduct research on market orientation, it is beneficial to review the two models. The two models will give fundamental ideas on what market orientation concept is and how to increase the market orientation performance. A combination of two
models would result to a fluent market orientation practice. Following, other opinions of some researchers on market orientation will be discussed so readers can have some different views about this topic.

2.6 Other perspectives on Market Orientation

As market orientation topic is considered a valuable resource for marketing research, there have been various contributions from different researchers to this topic. It is worthwhile to review some of the most remarkable way of thinking

2.6.1 Shapiro’s point of view

Two years before the publication of studies of Narver & Slater, and Kohli & Jaworski, Shapiro laid the first brick on the foundation of market orientation research. The Shapiro review on market orientation is one of the fundamental concepts for the development of later researchers in market orientation study. Shapiro (1988) agrees with earlier definitions on market orientation that market oriented companies are organizations that put concentration not only on customers but also on competitors and on surrounding context like market turmoil, legal policies (that affect companies’ business performance). Using story of a company name Wolverine, Shapiro (1988) describes his point of view on market orientation. Shapiro clearly defines that market orientated is not marketing oriented, which was commonly mistaken at the time. In addition, Shapiro tries to unify terms had been used to describe the market orientation’s nature like “market oriented”, “market-led”, “market driven” and “customer oriented” and argues that these term can be used equivalently. He also gives a clear explanation for the characteristics of market orientation. Shapiro (1988) explains that market orientation symbolizes for series of activities that access to all prospects of the company. Market orientation, according to Shapiro, is definitely not a hackneyed phrases always be used to polish company’s image in public that “company is getting close to the customer”. Due to the various clients with diverse wants and needs that company is serving, it is impossible and pointless for company to “get close to the customer”. Therefore, Shapiro offers three crucial and practical characteristics that make a company a market oriented company.
Firstly, “information on all important buying influences permeates every corporate function” (Shapiro 1988). By stating this, Shapiro means that all the information concerning market, people and decision making factors (when, how and where to buy the products) must be well analyzed and distributed throughout company departments (like Research and Development, Marketing, Sale, Manufacturing…). This state can exclusively be achieved under the participation and supervision of top management officers. By achieving the understanding of this information will secure the company on the first step of becoming a market oriented organization.

Secondly, “strategic and tactical decisions are made inter-functionally and inter-divisionally” (Shapiro 1988). Generally, in every company, each department has different objectives. And sometimes, these objectives cause conflict among departments because different departments specialize in a specific function and possess unique point of view over the same situation. Consequently, this will lead to fragmentation in company structure, and stagnancy in cooperation and performance. This situation is described in Shapiro’s work as:

“Barriers had arisen among Wolverine’s functional departments as each was on its own little island”

Unlike common companies, market oriented companies have a unique system that encourages departments to exchange ideas over disputes to find a solution that harmonizes different points of views. Every department should thoroughly grasp the culture of listening to the differences and frankly speaks out their ideas in an honest and active way. This is what the second characteristic of a market oriented company should be.

Finally, “Divisions and functions make well-coordinated decisions and execute them with a sense of commitment” (Shapiro 1988). To achieve the optimal business result, ordinarily, the executers should also take part in the planning process. A candid discussion on business strategies, tactics and implementations will propagate an atmosphere of commitment on the goals set. In reality, this, however, is not always possible. The most troublesome for the performance of cross-functional coordination is specialization of each department in company. It
cannot be blamed as for each department, financial for example, to think like another department, like production, it could not reach its peak performance and execute the tasks effectively. Though, if each department keeps marching to the beat of its own drum without taking a look to the company ultimate goal, the execution of business plan will be sluggish and ineffective. Company must hold an idea that successful products don’t come easy. It is not a simple process that marketing department sends a set of requirements to R&D and R&D department will make a prototype to send to manufacturing department for mass production. Rather, it is the product of successful internal connection among departments, combine with a decent coordination from senior managers, where people from different function and division in company raise opinions, talk about solutions and approaches. Consequently, after discussions, people will converge their concentration to company´s ultimate goal. Not only internal connection generates candid communication, solid coordination and strong commitment among employees in company. But it also lifts up the strength of different functional and divisional people. On the other hand, a lack of communication with a poor coordination necessarily leads to inappropriate resources usage and waste of market opportunities.

2.6.2 Ruekert’s strategic perspective

Ruekert (1992) conducted a research that demonstrated the empirical evidences of the relationship between market orientation and business performance from strategic perspective. The author realized some important matters that had not received appropriate attention like the gap of market orientation adaption among business units in organization, the way managers develop and maintain market orientation in business they manage, or to what extent the market orientation show the payoff for the firm´s effort. The research offers observations on three organizational strategic concerns: the variation level among strategic business units in organization, the impact of market orientation on business unit´s organizational systems, and the impact of market orientation to individual´s attitudes and business unit performance in organization. Ruekert (1992) argues his choice to concentrate on strategic perspective (strategy development and
execution) as following reasons. First, developing a market orientation is a crucial strategic change in organization and there is evidence shows that the planning process have impact on shaping strategic change (Dutton and Duncan 1987). Second, by focusing on the strategic planning process, it is easy to determine the intention of management even before the intention is executed through actual behaviors. Hence, it provides opportunities to connect the gap between proposed actions of the management and the actions that are already executed (Mintzberg 1978). Finally, Ruekert argues that the planning process is the bridge that link up the market information acquisition and the responsiveness to customers’ expectation, which are proposed by previous researchers like Kohli and Jaworski (1990), and to certain degree, Shapiro (1988).

The Ruekert research’s outcomes confirm several assumptions about market orientation. In the first place, the author found out empirically the difference in the adoption of market orientation among business units within organization. This result explains the phenomenon that business, specifically big corporations, adopt or unsuccessfully adopt market orientation or fail to recognize the difference of these market orientation activities among departments at business unit level. On another words, even though the business is said to be market oriented, chances are that some of its business units may not perform the market orientation accordingly. Thus, for top management level to improve the company market orientation performance, the problem approach should be implemented from the bottom up (business unit level to top management level). The next finding indicates the influence of organizational support processes unto market orientation level. The support processes include recruiting, training, and rewarding and compensating employees. However, these support processes only achieve the optimal result when they are combined with changes in organizational structure that backing market orientation. In addition, the research reasserted the outcome that other previous market orientation studies pointed out: the level of market orientation positively relate to employees’ attitude (Esprit de corps (Kohli and Jaworski 1990)). In a business, when the level of market orientation increases, the attitude of employees toward the company, management individuals accordingly increase. As a result, this lead to increase in adapt ability, customer responsiveness and productivity of business. This finding again confirmed market
orientation is a right path for any business have intention to adopt it. The last finding, and also the most important one, of the research is that the level of market orientation adoption correlate to company’s long-term profitability. This result is compatible with the study of Narver and Slater (1990), which states that the market orientation adoption positively influence the long-term financial performance of business.

2.6.3 Desphandé’s customer perspective of market orientation

In his study, conducted in 1993, Desphandé approached market orientation from a different perspective to other previous scholars: customers’ perspective. Desphandé et al. (1993) think that study on market orientation’s perspectives is sufficient if the main target of market orientation, customers’ point of view is not examined. Desphandé et al.’ research is to answer four questions concern business performance and organizational cultures, the correlative on customer orientation (marketers’ and customers’ perspective) and business performance, the differences between marketers’ and customers’ perspective on market orientation and the importance of customers’ perspective of market orientation on business performance, and finally the correlation between innovativeness and company business performance. The most significant finding in his study confirms that the perception of customers on company’s market orientation has great impact on company’s business performance. Moreover, this perception of customers is more important than company itself perception on market orientation. The study also discovers the relationship between innovativeness and company business performance. Desphandé et al. suggest company employ the culture of both customer oriented and innovative to achieve success in business performance. The authors emphasize that the lack of any element will lead to suffer of business performance. In addition, Desphandé et al. show, unsurprisingly, the inconsistency of the perception between marketers and customers on market orientation. This situation, Desphandé et al. argue, may impact the judgment of customers on the company market orientation effort, and so lead to problem of improving business performance. The authors highly encourage company to
combine both self-assessment and customers’ rating to support performance improvement.

2.6.4 Summary of views on market orientation

There are, clearly, differences in these above approaches. However, one thing should be put in mind that the differences between approaches lies on the emphasis rather than the component difference. In general, the very simple market orientation components contains “customer orientation” and “competitor orientation” with four-step processes of information: acquisition of information, sharing information, processing of information, and utilization of information. Each author has a different point of view to approach market orientation base on these components and processes. While Kohli and Jaworski (1990) drew attention to the processing of market information, Shapiro (1988) emphasized on decision making process and Ruekert (1992) stressed on strategy development. At the end of the day, the two most wildly accepted models of market orientation are Kohli and Jaworski’ (1990), and Narver and Slater’ (1990).

Before moving to the next part discussing measurement scales of market orientation, the below table will sum up all ideas about market orientation of different researchers.

<table>
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<tr>
<th>Authors</th>
<th>Definition of Market Orientation</th>
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<tr>
<td>Kohli and Jaworski (1990)</td>
<td>“…organizational wide generation of market intelligence pertaining to current and future customers’ needs, dissemination of the intelligence across departments and organizational wide responsiveness to it” (Kohli and Jaworski 1990)</td>
</tr>
<tr>
<td>Narver and Slater (1990)</td>
<td>“the organization culture that most effectively and efficiently creates the necessary behaviors</td>
</tr>
</tbody>
</table>
for the creation of superior value for buyers and, thus, continuous superior performance for the business” (Narver and Slater 1990)

| Ruekert (1992) | The degree to which business unit (1) obtains and uses information from customers (2) to develops a strategy which will meet their needs, and (3) implements that strategy by being responsive to customers’ needs and wants. (Ruekert 1992) |
| Shapiro (1988) | The criteria for a market oriented consist: “information on all important buying influences permeates every corporate function”, “strategic and tactical decisions are made interfunctionally and interdivisional-ly”, and “divisions and functions make well-coordinated decisions and execute them with a sense of commitment” (Shapiro 1988) |
| Desphandé, et al. (1993) | “the set of beliefs that puts the customer’s interest first, while not excluding those of all other stakeholders such as owners, managers, and employees, in order to develop a long-term profitable enterprise” (Deshpandé, et al. 1993) |

2.7 Market Orientation measurement scales

Among different models offered by various researchers, the two most significant measurement scales for market orientation are MARKOR of Kohli & Jaworski (1993b) and MKTOR of Narver & Slater (1990). The two measurement scales were first used to determine the adoption level of market orientation and business performance among companies in the States. According to the summary of market orientation research of Chan & Ellis (1997), major positive results of market
orientation and business performance relationship have been confirmed, by using either MARKOR or MKTOR scale, in the US-setting environment. The concern for positive impacts of market orientation on business, resonantly, increases globally. Researchers all over the world start to conduct studies regionally to verify the hypothesis. Abundant final outcomes from different markets in several countries like Hong Kong (Chan & Ellis 1997), Vietnam (Ly, Dornberger & Nabi 2010), Ghana (Hinson & Mahmoud 2011), Australia (Farell 2000) and others, unexpectedly, confirm the hypothesis.

Moreover, there are some studies investigated the role of the two scales MARKOR and MKTOR in measuring the market orientation (Matsuno, Mentzer & Rentz 2005; Moorman & Rust 1999). The outcomes affirm the two scales originated by Kohli, Jaworski and Kumar (1993b), and Narver and Slater (1990) to be superior and particularly accurate to measure impacts of market orientation. The following text serves as description in detail the two market orientation scales.

2.7.1 MARKOR scale by Kohli, Jaworski & Kumar

This scale was developed based on the work of Kohli and Jaworski (1990), which is the initial concept of market orientation. There are three main components of the model: intelligence generation, intelligence dissemination, and responsiveness, with total 22 items. According to Kohli, Jaworski and Kumar (1993b), the model can be described as following:

- Intelligence generation (6 items): the process of collecting and assessing customers’ needs and external factors that influence those needs. These intelligence can be obtained “through a variety of formal as well as informal means (e.g., informal discussion with trade partners) and may involve collecting primary data or consulting secondary data” (Kohli and Jaworski 1990)

- Intelligence dissemination (5 items): the formal and informal distribution of processed market information throughout Strategic Business Units in a given organization (Kohli, Jaworski and Kumar 1993b).
- Responsiveness (9 items): the respond of organization to the market information that is collected, assessed and disseminated throughout the organization (Kohli, Jaworski and Kumar 1993b).

It goes without saying that MARKOR scale’s main function is to examine the extent to which Strategy Business Units in a given organization involve in the process of collecting, assessing, and disseminating formally and informally, and respond to the market information by developing effective marketing programs. The scale was, initially, introduced accompanying 32 items, and with the number item of market intelligence, intelligence dissemination and responsiveness are ten, eight and fourteen respectively. After a period of testing and refining, the scale, finally, was reduced to 20 items (Kohli, Jaworski and Kumar 1993b). The final MARKOR scale is describe as below:

### TABLE 2. MARKOR Measurement Scale

<table>
<thead>
<tr>
<th>Intelligence generation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. In our business unit, we meet with customers at least once a year to find out what products or services they will need in the future.</td>
</tr>
<tr>
<td>2. In this business unit, we do a lot of in-house market research.</td>
</tr>
<tr>
<td>3. We are slow to detect changes in our customers’ product/service preferences.</td>
</tr>
<tr>
<td>4. We survey end-users at least once a year to assess the quality of our product and service offerings.</td>
</tr>
<tr>
<td>5. We are slow to detect fundamentals shifts in our industry (e.g., competition, technology, regulation)</td>
</tr>
<tr>
<td>6. We periodically review the likely effect of changes in our business environment (e.g., regulation) on customers</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Intelligence Dissemination</th>
</tr>
</thead>
<tbody>
<tr>
<td>7. We have interdepartmental meetings at least once a quarter to discuss market trends and developments.</td>
</tr>
</tbody>
</table>
8. Marketing personnel in our business unit spend time discussing customers’ future needs with other functional departments.
9. When something important happens to a major customer or market, the whole business unit knows about it in a short period.
10. Data on customer satisfaction are disseminated at all levels in this business unit on a regular basis.
11. When one department finds out something important about competitors, it is slow to alert other departments.

Responsiveness

12. It takes us forever to decide how to respond to our competitors’ price changes.
13. For one reason or another we tend to ignore changes in our customers’ product or service needs.
14. We periodically review our product development efforts to ensure that they are in line with what customers want.
15. Several departments get together periodically to plan a response to changes taking place in our business environment.
16. If a major competitor were to launch an intensive campaign targeted at our customers, we would implement a response immediately.
17. The activities of the different departments in this business unit are well coordinated.
18. Customer complaints fall on deaf ears in this business unit.
19. Even if we came up with a great marketing plan, we probably would not be able to implement it in a timely fashion.
20. When we find that customers would like us to modify a product or service, the departments involved make concerted efforts to do so.

Even though MARKOR’s empirical results are more consistent and systematic compared to MKTOR (Lado, Maydeu-Olivares & Rivera 1998), MARKOR scale is questioned by its methodological basis. This is mainly because MARKOR
utilized various specimens from different industry without giving clear information concern type and characteristic of these specimens.

2.7.2 MKTOR scale by Narver & Slater

The MKTOR scale first appeared in the work of Narver and Slater in 1990. It is supposed to be one of the first measurement scales for market orientation. MKTOR contains three main components: customer orientation, competitor orientation, and interfunctional orientation (Narver and Slater 1990). Following is the brief description of three components of MKTOR:

- Customer orientation (6 items): the ability to understand target customers’ needs in order to provide them constantly with exceptional services (Narver and Slater 1990)
- Competitor orientation (5 items): the understanding of competitor in term of “short-term strengths and weaknesses and long-term capabilities and strategies” (Narver and Slater 1990)
- Interfunctional Coordination (3 items): the capability of top management to regulate and distribute company resources in an efficient way “to create superior value for target customers” (Narver and Slater 1990)

The MKTOR scale, even though, is not as popular in the States as the MARKOR is, it has been tested in various setting markets like Japan (Deshpandé, et al. 1993), Australia (Pulendran, Speed and Widing 2000) and other countries. Therefore, MKTOR is considered to be more reliable than MARKOR is, in term of statistical perspective (Gauzente 1999). The content and items of MKTOR are listed in the table as following:

TABLE 3. MKTOR Measurement Scale

<table>
<thead>
<tr>
<th>Customer Orientation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Our business objectives are driven primarily by customer satisfaction.</td>
</tr>
<tr>
<td>2. Our strategy for competitive advantage is based on our understanding of customers’ needs.</td>
</tr>
</tbody>
</table>
3. We constantly monitor our level of commitment and orientation to serving customers’ needs.
4. We give close attention to after-sale service.
5. We measure customer satisfaction systematically.
6. Our business strategies are driven by our beliefs about how we can create greater value for customers.

**Competitor orientation**

7. Our salespeople regularly share information within our business concerning competitors’ strategies.
8. Our top managers from every function regularly visit our current and prospective customers.
9. We rapidly respond to competitive actions that threaten us.
10. We target customers where we have an opportunity for competitive advantage.
11. Top management regularly discusses competitors’ strengths and strategies.

**Interfunctional coordination**

12. We freely communicate information about our successful and unsuccessful customer experiences across all business functions.
13. All of our business functions (marketing/sales, manufacturing, R&D, finance/accounting, and so on) are integrated in serving the needs of our target markets.
14. All of our managers understand how everyone in our business can contribute to creating customer value.

Even though the scale has been widely accepted and utilized, it is inevitable a subject of criticism. Kohli et al. (1993b) criticized MKTOR to be over-emphasized “customer” element over other elements (competitor and interfunctional coordination).
2.7.3 Comparison of two measurement scales

There is a number of studies that examine market orientation using either two measurement scale MARKOR or MKTOR. This part is to provide readers some of the most recent studies in this perspective. The following table contains studies that are published from 1993 to 2012.

<table>
<thead>
<tr>
<th>Author</th>
<th>Measurement Scale</th>
<th>Testing site (country)</th>
<th>Size of sample</th>
<th>Methodology</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farrell, and Oczkowski (1997)</td>
<td>MARKOR and MKTOR</td>
<td>Australia</td>
<td>861 companies</td>
<td>Quantitative</td>
</tr>
<tr>
<td>Le, Pham, and Evangelista (2013)</td>
<td>MARKOR</td>
<td>Vietnam</td>
<td>300 companies</td>
<td>Quantitative</td>
</tr>
<tr>
<td>Ly, Dornberger and Nabi (2010)</td>
<td>MARKOR</td>
<td>Vietnam</td>
<td>66 companies</td>
<td>Quantitative</td>
</tr>
<tr>
<td>Ellis (2006)</td>
<td>MARKOR</td>
<td>Multi countries</td>
<td>56 studies</td>
<td>Literature Review</td>
</tr>
<tr>
<td>Woller (2002)</td>
<td>MKTOR</td>
<td>Multi countries</td>
<td>SME</td>
<td>Literature Review</td>
</tr>
<tr>
<td>Ortega and Criado (2012)</td>
<td>MKTOR and MARKOR</td>
<td>Spain</td>
<td>5 companies</td>
<td>Qualitative</td>
</tr>
<tr>
<td>Farell, and Oczkowski (2002)</td>
<td>MKTOR</td>
<td>Australia</td>
<td>340 companies</td>
<td>Quantitative</td>
</tr>
</tbody>
</table>
As we can see, the quantitative method dominates the studies of market orientation. The other method like qualitative and literature review also fairly present. According to the table above, it is complex to decide which measurement scale between MARKOR and MKTOR is better for studying the market orientation in Vietnamese instant coffee industry. The use of the market orientation measurement scale reveals a particular theoretical orientation (Gauzente 1999). While the MARKOR emphasizes on the organizational aspect, MKTOR concentrates more on the customer perspective. Ellis (2006) agreed on this comment. He added in his paper that MKTOR possesses a strong correlation to customer value. On the other hand, MARKOR is specifically constructed in term of intelligence generation, dissemination and responsive activities, which belong to organizational perspective and may be less correlated to performance (P. Ellis 2006).

In addition, both measurement scales have been widely examined in different contexts. Most of the time, these scales require modifications. In an extensive analysis and comparison of the construct of market orientation measurement scale, Farell and Oczkowski (1997) favored MARKOR to MKTOR and explained that MARKOR’s structure is balance. However, these authors did not think the original model of MARKOR and MKTOR are good enough. They offered a modified version of 10-item MARKOR and 8-item MKTOR. These modified scales are considered to be the most proper modification so far (Ortega & Criado 2012).
3 INDUSTRY OVERVIEW

“It is easier to go down a hill than up, but the view is from the top.”
Arnold Bennett

This part contains three subparts: the industry overview provides readers with basic understanding of Vietnamese instant coffee market. The market overview introduces to readers general information concerning Vietnam. This third part of the research ends with consumption habit which depicts the current habit of consuming instant coffee and gives a prediction on consumption trend.

3.1 Industry Overview

The industry overview offers readers basic information concerning the current situation of the coffee industry in Vietnam. The industry overview contains two parts. The first part give readers the overview about the industry while the second part contain more specific detail about the most prominent companies in this industry.

3.1.1 Précis

Coffee was introduced to Vietnam by French colonists in the 19th century. A coffee plantation was first built in the Northern Midland of Vietnam in the late 1800s and another one was built in the North Central Coast of Vietnam later in the early 20th century. After that coffee plantation started expanding to Highland area, in 1945, Vietnam had several plantations with the cultivation area up to 10 thousand hectares (United Nation Industrial Stategy Project 1998). Since then, coffee has gradually embedded into Vietnamese culture. Currently, Vietnam is one of the top exporters of coffee bean in the world. However, the vast majority of Vietnamese coffee product is for export and the domestic market is ignored. This leads to the burden for the export activities in the import-export balance. As the competition of the exportation of coffee becomes stiff, Vietnamese coffee export companies started to show their lacking of proper competency. In 2010, there were 153 active coffee exporters. This number fell dramatically. As of 2013, there
are 30 companies that survive (MISA 2013). Furthermore, the stagnant of growth in revenue of exporting coffee has been show by the increase of only 2 percent in 2013 compared to 2011 (USDA 2013). As a result, the obvious solution for Vietnamese coffee industry is to put more concentration on the domestic market (Ipsos 2013). Presently, the Vietnamese coffee market is valued at $287,34 million and it is forecasted the market value will reach $573,75 million in 2016 (MISA 2013). One important feature to be put in mind of Vietnamese coffee bean production is that Robusta contributes to over 95 percent of the total output while the Arabica occupies most of the 5 percent left over. This feature of Vietnamese coffee bean production is crucial as the Robusta bean is the main ingredient for making instant coffee (Centro Farms 2013). Therefore, instant coffee industry would be at huge advantage of production phase.

3.1.2 Key players in the field

As mentioned before, the Vietnamese market is valued at $287,34 million and a third of this value is contributed by instant coffee market (MISA 2013). Currently, the instant coffee market is dominated by three biggest players: Trung Nguyen, Nescafé and Vinacafé Bien Hoa. One interesting feature should be noted that three companies come from different background. Vinacafé is State-Owned Enterprise, while Trung Nguyen is private firms and Nescafé from Nestlé, is a multinational company. There has been no official report for Vietnamese instant coffee industry in 2013 is published yet. However, according to Vinaresearch, the online survey community of W&S, the Big Three occupies 70,8 percent of the market share. At a glance, it is quite pleasure for the three companies to dominate the market. However, to take a look back to 2011 when the Big Three made up 96 percent of the market (Vietnamnet 2013), it is clear that there is a big change in the market share of the Big Three in the past compare to the current situation. The shrunk in the market share of the Big Three reflects the vigorous competition of the instant coffee market. Furthermore, the competition among three companies is also really tense. Vinacafé leads the market with 26,3 percent of share; Vinacafé Bien Hoa follows up with 22,8 percent of market share, and Trung Nguyen falls behind
closely with 21.7 percent of market share (Ipsos 2013). The figures below show the market share of the Vietnamese instant coffee in 2011 and 2013 respectively.

The constant growth of instant coffee market with double-digit every year paints a lucrative picture that lures domestic and foreign companies into the playing field (Ipsos 2013). The market has become more mature and fragmented. It is worth noting that even though the proportion of enterprises with foreign investment is small compared to local companies, their market share has been soaring fast in the
past three years (Ipsos 2013). Recently, the Vietnamese Ministry of Industry and Trade just issued Circular 08/2013/TT-BCT that prevents Foreign Direct Investment (FDI) firms from directly purchasing agricultural products (include coffee bean) from farmers and establishing buying network. This move is to protect the domestic firms that are threatening to be overwhelmed by FDI firms, which have more capital and human resources (Vietnamnews 2013). Though, this ban may restrain the FDI firms from certain business activities, it may not stop them from jumping into such a profitable market.

It is safe to predict that the remunerative market will continue to fuel the tension between current rivals as well as encourage the emergence of new brands and competitors. The Big Three must put much effort if they want to keep their leading position (Vietnamnet 2013).

3.2 Market Overview

Vietnam is a populous country located in South East Asia with population is about 89.6 million (IMF 2013). After the two wars with France and United States, Vietnam was ruled by the communist government. Suffered by the closed market policy of the communist regime, Vietnamese economy endured a huge decline. In 1986, the ruling government tried to open the market again with Doi Moi policy. Since then, the economy of Vietnam has witnessed a fast economic transformation. The average income per capita of Vietnam increases from $437 in 1986 to $1,401 in 2013 (IMF 2013). In 2013, it is estimated that Vietnam achieved a growth rate of 5.42% (Bloomberg 2013). Huge population depicts Vietnam is quite a large market. The economic development shows Vietnamese would be great potential customers. These figures indicate Vietnam has a strong base of consumer with disposable income for instant coffee if it is well exploited. The chart below depicts the overall increment of personal income of Vietnamese over period.
Beside the income, other figures are worth to be analyzed that is the age group and the sex ratio as the instant coffee is consumed in Vietnam generally by young generation and middle age and varies by gender (Male tend to consume more coffee than Female) (International Coffee Organization 2014). Vietnam is considered a young country with 68.3% population is from the age group of 15-64 and nearly a quarter of the population is from the age group of 0-14. The elder group (age 65 and above) accounts for only 5.6% of the population. The median age of Vietnamese is 29.2 years old (CIA Factbook 2014). The sex ratio in Vietnam favors for male with the figure of 1:1.12 (female: male).

All the data above show that Vietnam is a promising market not only in term of market share but also in term of disposable income because two third of the Vietnamese population are young people and their incomes possesses an increasing tendency.

3.3 Consumption Habit: Current Situation and Future Trend

Even though coffee has been introduced Vietnam more than 100 years ago and Vietnam is, currently, the second biggest coffee exporter after Brazil, the domestic consumption of coffee in Vietnam is surprisingly low. This may be a surprising fact at first sight. However, Vietnam is a traditional tea-drinking country. The tea consumption dominates the coffee consumption on the choice of Vietnamese for hot drink. Recent signals, nevertheless, reveal a change in trend of hot drink choice of Vietnamese consumers. As the open policy starts to show its effectiveness not only on economy but also in social culture, the Vietnamese young generation is more exposed to Western culture. As a result, a new coffee culture in Vietnam started to emerge (International Coffee Organization 2013). In a report of World Bank in 2007, it estimated Vietnamese may consume 70,000 tons coffee a year. Another figure of World Coffee Association (WCA) describes Vietnamese consumption of coffee was nearly 0.5kg coffee/year per capita which accounts for 3.6 percent of the total coffee production in Vietnam. This figure shows Vietnamese consumption of coffee extremely lagged far behind the average consumption other members of WCA, which is roughly 25.2 percent of their domestic production (Vietnam Trade Promotion Agency 2007). To understand the situation more precisely, more recent data is examined. According to Ipsos report on Vietnam coffee industry in 2013, the performance of Vietnamese consumption of coffee is better than it was in 2007. The coffee consumption per capita of Vietnam also increases to 1.5kg/ year. The latest data of coffee consumption in Vietnam is also considered low compared to WCA’s average consumption. However, the data has painted an appealing picture on the impressive growth of the Vietnam market. The consumption of coffee per capita has been triple in weight (from 0.5kg to 1.5kg) and nearly double in the share of total coffee
production of Vietnam (from 3.6 percent to 6 percent). The chart below depicts the relation of Vietnam’s coffee consumption compare to other countries in the world.

![Chart showing coffee consumption](image)

**FIGURE 13.** Vietnamese coffee consumption compared to the world. Adopted from Ipsos (2013)

Of the coffee consumption in Vietnam, instant coffee makes up one third (USDA 2013). The teenagers and middle age people tend to favor instant coffee over ground coffee products. Currently, in the market, Vietnamese consumers are offered various type of instant coffee. Among them, the 3-in-1 (coffee-milk-sugar) instant coffee is now the most favorite formula in the market, follows by the traditional 2-in-1(coffee-sugar). In the near future, the trend of consuming instant coffee among Vietnamese consumers is predicted continue to surge steadily (Ipsos 2013).

![Distribution of instant coffee by type](image)

**FIGURE 14.** Domestic market of instant coffee by type. Adopted from Ipsos (2013)
To sum up, there is a current change of preference of Vietnamese on hot-drink. Coffee consumption becomes a social culture. Vietnamese consumers start to realize the convenient of instant coffee product. Hence, there is still a plenty room for growth in this market. However, the consumption of these product is still low and companies need to put much effort in order to fully exploit the market’s potential.
4 METHODOLOGY

“Every discourse, even a poetic or oracular sentence carries with it a system of rules for producing analogous things and thus an outline of methodology.”

Jacques Derrida

The focus of this study is to explore the sufficiency of the traditional market orientation measurement scale; MARKOR and MKTOR, for companies operate in Vietnamese instant coffee market. In order to successfully achieve this objective, the author strongly believes that the qualitative research is the well-suited method.

Ngo, Le and Lee (2010), Ngo and O’Cass (2010) suggest for deeper case studies to go further on the research of market orientation among Vietnamese companies. Following these suggestions, author decides to apply the case studies to explain the market orientation practice of companies in Vietnamese instant coffee industry, observe its effect on companies’ performance and offer a measurement scale to measure the effect.

This chapter is to clarify the methodology applied in this study. First, the author describes and states our selection of research method. Next, the author explains the context of the research. Data collection part will follow after that. The protocol, which assists the data collection, and the data analysis process will end this part.

4.1 Research Method: Exploratory Study

Exploratory study is usually adopted if one wants to acquire the first knowledge of an undiscovered facet that possibly is a context-specific phenomenon. Most of the cases, exploratory study usually is used with case study strategy. Using case study strategy can grant researcher possibility to achieve deeper intelligence. In this study, the chosen method is required to solve the question whether the traditional market orientation measurement scales are adequate for the specific context: the Vietnamese instant coffee industry.
4.1.1 Case Study Strategy

The case study strategy is one of several ways that a research is carried out in the field of social science (Yin 1994). A case study strategy is usually adopted when one wants to explore “contemporary phenomenon within some real-life context” (Yin 1994, 1). According to Yin (1994) there are several justifications to secure the employment of case study method: (1) examines and studies a phenomenon in the actual context, (2) multiple sources of data is put into consideration, (3) the barriers between the phenomenon and its context are not clearly visible. Furthermore, Eisenhardt (1989) advise that researcher should employ case study research when the existing theories concerning theoretical interest are not adequate. In this study, the research in Vietnam concerning market orientation is limited (Le, Pham & Evangelista 2013). Last but not least, Eisenhardt (1989) also suggested that the number of case study is ideal between three to ten cases. For the reasons above, the case study strategy suits perfectly for this study.

4.1.2 Importance of Case Selection

There is one thing to put in mind that the cases selected must be representative for the target population of research topic. If the cases selected are not representative, the outcome of the research would be considered unreliable and wasteful (Gerring 2004). In order to choose right case to study, one must understand the definition of case study and adopt appropriate selection techniques. Even the key word case study is widely used, it is equivocal, which can be interpreted differently depend on research designs (Seawright & Gerring 2008). For the purpose of this research, case study is defined as concentrated analysis of a single unit/ small number of units. The result of the concentrated analysis of small units will help researcher understand or draw conclusion on a larger set of similar units (population of units/cases). In addition, there is another type of case study. In this type of case study, the researcher wants to study specific feature of a particular case. Therefore, the problem of selecting case does not exist. However, the nature of this study is to test the relationship between business performance and market orientation of Vietnamese instant coffee companies and to propose a measurement scale for market orientation afterward. Consequently, the selection of case must be
undertaken carefully to increase the reliability of the study. The following text will introduce to readers the case selection techniques that are frequently used in academic research.

4.1.3 Random Technique?

Before going to detail on specific methods for case selection, a question deserved to be raised whether it is possible to choose a case randomly. There is some arguments favor the random method to select the case as this method will prevent the selection bias. The selection bias is usually introduced when researchers select their case in a goal-directed fashion. This way of comprehending comes from the logic of quantitative research method (Sekhon 2004.).

However, there might be serious problems occur if researcher decides to choose a very limited samples by random method without any categorization or assortment before. Two simple Monte Carlo examples were offered by Seawright and Gerring (2008) to depict the possible problems of selecting the case study randomly. Each set includes a sample of cases and a variable of interest ranging from 0 to 1, with the mean of 0.5, in the population. In the first set, computers creates 500 random samples, each includes of one thousand cases. In the second example, 500 random samples are generated but each includes only five cases.

The question of the experiments is how representative the random samples in two examples are. Apparently, both examples generate unbiased samples. The mean average of the first set is 0.499, while the mean average of the second set is 0.508. It is obvious to notice that both mean average of two sets is approximately equivalent to the true mean 0.5. However, the mean of the second is 0.008 different than the true mean, and the mean of the first set is 0.001 different than the true mean. This indicates that the mean of second set is more spread out than the mean of the first set. When the sample size are large with number of sample is equal to or larger than 1.000, the standard deviation is acceptable at the value around 0.009. If the sample size is too small and falls below five, the standard deviation is significant at the value about 0.128. From this result, Seawright and Gerring drew a conclusion that for a comparative case study, if the case sample is equal or less than five, the random method would decrease the representative level...
of the case for the population. Apply to this study; there are total three case companies to be analyzed. Hence, the random technique cannot be applied.

4.1.4 Case Selection Techniques

The case selection in any case study research must have two characteristics: be representative and has useful variation on the dimension of theoretical interest. The selection of case is directed by how a case is positioned in a research context. Apparently, there are seven different ways to select case for a case study research, which are typical, diverse, extreme, deviant, influential, most similar, and most different. Each method of case selection has its own usage purpose (Seawright & Gerring 2008). Below is the table that summarizes all the techniques and their usages.

TABLE 5. Case Selection Techniques

<table>
<thead>
<tr>
<th>Method</th>
<th>Definition</th>
<th>Usage</th>
<th>Representativeness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Typical</td>
<td>Cases (one or more) are typical examples of some cross-case relationship.</td>
<td>Confirmatory; to probe causal mechanisms that may either confirm or disconfirm a given theory</td>
<td>By definition, the typical case is representative, given the specified relationship.</td>
</tr>
<tr>
<td>Diverse</td>
<td>Cases (one or more) exemplify diverse values of X, Y, or X/Y.</td>
<td>Exploratory or confirmatory; illuminates the full range of variation on X, Y, or X/Y</td>
<td>Diverse cases are likely to be representative in the minimal sense of representing the full variation of the population.</td>
</tr>
<tr>
<td><strong>Extreme</strong></td>
<td>Cases (one or more) exemplify extreme or unusual values of X or Y relative to some univariate distribution.</td>
<td>Exploratory; open-ended probe of X or Y</td>
<td>Achievable only in comparison with a larger sample of cases.</td>
</tr>
<tr>
<td>-------------</td>
<td>-------------------------------------------------------------------------------------------------</td>
<td>--------------------------------------</td>
<td>------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Deviant</strong></td>
<td>Case (one or more) deviate from some cross-case relationship.</td>
<td>Exploratory or confirmatory; to probe new explanation for Y, to disconfirm a deterministic argument, or to confirm an existing explanation (rare)</td>
<td>After the case study is conducted, it may be corroborated by a cross-case test, which includes a general hypothesis based on the case study research. If the case is now an on-lier, it may be considered representative of the new relationship.</td>
</tr>
<tr>
<td><strong>Influential</strong></td>
<td>Cases (one or more) with influential configurations of the independent variables.</td>
<td>Confirmatory; to double-check cases that influence the results of a cross-case analysis</td>
<td>An influential case is typically not representative. If it were typical of the sample a whole, it would not have unusual influence on estimates of the overall relationship.</td>
</tr>
<tr>
<td><strong>Most similar</strong></td>
<td>Cases (two or more) are similar on specified variables other than ( X_1 ) and/or ( Y ).</td>
<td>Exploratory if the hypothesis is ( X )-or ( Y )-centered; confirmatory if ( X/Y )-centered</td>
<td>Most similar cases that are broadly representative of the population will provide the strongest basis for generalization</td>
</tr>
<tr>
<td><strong>Most different</strong></td>
<td>Cases (two or more) are different on specified variables other than ( X_1 ) and ( Y ).</td>
<td>Exploratory or confirmatory; to (1) eliminate necessary causes or (2) provide weak evidence of the existence of a causal relationship</td>
<td>Most different cases that are broadly representative of the population will provide the strongest basis for generalization</td>
</tr>
</tbody>
</table>

After assessing through the case selection techniques and the manner of this study, the authors decide to use the typical case selection method to apply in this study. The reasons for this decision are based on the purpose of the research, which are (1) to test and propose a measurement scale of market orientation based on previous studies and scales, and (2) to confirm or disconfirm a given theory.

Following is the explanation for the selection of three case companies. The main reason for the author to choose these company because of their size. The Vietnamese instant market is currently occupied by many companies, foreign and domestic ones. However, the majority of market shared is occupied by Vinacafé, Trung Nguyen, and Nescafé (Ipsos 2013). According to Nielsen (2012), Vietnamese instant coffee market is immature and the consumption trend being led by the three largest companies Nescafé, Trung Nguyen and Vinacafé. Many smaller companies tend to follow up the three companies’ movement. Therefore, selecting three companies to be case study satisfy the representative category of
the research. Moreover, according to Hinson and Mahmoud (2011), by choosing leading companies in the arena, researchers can prevent the possible noises from small cases in the market, which cause deteriorating to the study reliability.

4.2 Research Context: Vietnamese instant coffee industry

Vietnam is chosen as the testing context for this research because the author desires to unveil the market orientation phenomenon in the instant coffee industry in this country. Previously, this context was examined in the market orientation perspective by different researchers (Ngo & O'Cass 2010; Ly, Dornberger & Nabi 2010; Le, Pham & Evangelista 2013; Ngo, Le & Lee 2010). Regarding the result of these studies, even though the degree of this effect varies among industries all of the studies confirm that there exists a positive relationship between market orientation and business performance, where the business performance is considered differently from customer satisfaction, financial performance to market share. Therefore, the selection of Vietnam as the testing site fits the author’s desire and is supported by previous researchers. There is one important feature of those previous studies that they are conducted using cross-industry study, except for the case of Ly, Dornberger and Nabi (2010). This study follows similar path that Ly, Dornberger and Nabi did in 2010, and that is to focus on a specific industry. By conducting the research in this way, the author is able to obtain a deeper knowledge of market orientation effect in Vietnamese instant coffee industry. Thus, this is a strong incentives for the author to explore Vietnamese context by providing empirical evidences to resolve the research questions.

4.3 Data Collection Procedure

The data collection in Vietnam is historically challenging as Vietnamese companies practice a custom not to leak out information for research as they think the information is of crucial for their business. Fortunately, with the help of author’s acquaintances and their personal network, the author was able to contact with authorities of case companies.
Before conducting the interview, an informative e-mail was delivered to all authorities of case companies. In the e-mail, some simple questions were asked concerning the market orientation practice of companies. This e-mail is important as it provides the interviewees some impressions on what would be going to take place on the forthcoming interview.

The interviews took place from June to September of 2014. The author chose to interview CEO or marketing manager of selected companies. This was suggested by Kohli and Jaworski (1990), Narver and Slater (1990) because CEO and marketing manager are the ones who are in charge or directly involve in marketing strategy and activities of companies.

The duration of in-depth interview varied from 30 to 60 minutes. Recorded by audio recorder, the interviews afterward were transcript to Word document, and, later, saved into ATLAS.ti. All information that extracted from interviewees was based on prepared protocol. In addition, the author also gathers information of case companies from various sources like annual report and news.

4.4 Protocol Development

Taking the purposes of this study into account, which are to examine the relationship between market orientation and business performance and the usefulness of traditional measurement scales for Vietnamese instant industry, the author decided to use the measurement scales described in the literature: MKTOR and MARKOR. These measurement scales adopt the Liker scale to calibrate their own items. The Likert scale contains five or seven items from strongly agree, agree, neutral, disagree to strongly disagree. It is the scale that measures positive or negative of the interviewees’ opinion toward a statement. The interviewees were asked to complete three tasks which are, firstly, to assess the relationship between market orientation and company performance, secondly, to evaluate the usefulness of the measurement scales, and, finally, to suggest additional items, which are suitable, specifically, for the industry. Reader can look up for protocol in the Appendix 4.
4.5 Data Analysis

Data analysis should be seen as a continuous activity rather than one time process. In studies adopt qualitative approach, data analysis is considered as an interplay between collected data and theory. It is an anarchic, puzzling, sluggish yet inspired and engaging procedure to bring out the structure and message of the data (Marshall & Rossman 1989). Often, the ladder of analytical abstraction of Miles and Huberman (1994) has been used as a trusted method of analyzing data for qualitative research method. In this study, the author adopts this analysis strategy to facilitate and guide the analyzing process once the data is fully gathered. The process of ladder of analytical abstraction is depicted in the figure below.

FIGURE 16. The ladder of Analytic Abstraction. Adopted from Miles and Huberman (1994)
For the convenience of conducting qualitative analysis, the ATLAS.ti software is utilized. ATLAS.ti is a computer aided qualitative analysis software that is suggested in many research method course books as well as it is commonly used in qualitative research (Saunders, Lewis & Thornhill 2009). ATLAS.ti, using grounded theory technique, which has similar process to the analytic abstraction, grants researchers ability to code, to sort and to analyze qualitative data in an organized fashion (Strauss & Corbin 1990; Charmza 2014). The procedure to process the collected data by ATLAS.ti is described step by step as follow.

The first step is to assign the data into ATLAS.ti database. Before that, the author transcript the interview from the audio into Words documents. For the ease of coding and analysis process, the script was translated from Vietnamese to English. After that, the author created a new “Hermeneutic unit” for this research. The hermeneutic unit included all the documents as the database for the research.

The next step is to create codes. From the documents, the author selected various quotations have keywords which relate to the research purpose, for example: “market orientation”, “profit”, “company performance”…, and assigned them as codes. Some of the quotation does not have exactly the same as the terms used in the literature. For example as in the interview of Vinacafé, the participant replied: “…who understand and respond to customer’s need while fully utilize the internal resources…” This phrase was coded as “customer focus” because that is the intention of the participant to imply the market orientation element. These codes are called In vivo codes. The use of these codes, originates from the grounded theory, is to keep the research concept in line, as much as possible, with the participants’ answer in their own words (Charmza 2014.). Below is the table presents some examples of codes and the according literature items.

**TABLE 6. Examples of Codes and according Literature items**

<table>
<thead>
<tr>
<th>Quotation</th>
<th>Literature item</th>
<th>Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>“We not only know about the competitor product but also their...”</td>
<td>Narver and Slater (1990) - Top management regularly discusses</td>
<td>Competitor focus</td>
</tr>
<tr>
<td>------------------------------------------</td>
<td>--------------------------</td>
<td>---------------------------</td>
</tr>
<tr>
<td>competitors’ strengths and strategies.</td>
<td>- When something important happens to a major customer or market, the whole business unit knows about it in a short period.</td>
<td>- Our strategy for competitive advantage is based on our understanding of customers’ needs.</td>
</tr>
<tr>
<td>“Our employees spend much time communicating with other people: potential customers, clients, suppliers.” (N. Le 2014)</td>
<td>Customer focus</td>
<td></td>
</tr>
<tr>
<td>“who understand and respond to customer’s need while fully utilize the internal resources” (Pham 2014)</td>
<td>Narver and Slater (1990)</td>
<td>Customer focus</td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>- All of our business functions (marketing/sales, manufacturing, R&amp;D, finance/accounting, and so on) are integrated in serving the needs of our target markets.</td>
<td>Jaworski and Kohli (1990)</td>
<td>- When we find that customers would like us to modify a product or service, the departments involved make concerted efforts to do so.</td>
</tr>
</tbody>
</table>

After finishing the coding process, the final step, yet the most important step, is to create the connections among the codes. The purposes of this step are to make clear the relation between codes and to reveal the structure of the data base on research concepts.
5 CASE COMPANIES/ ANALYSIS/ FINDINGS

“...You will never really understand a person until you consider things from his point of view...Until you climb to his skin and walk around in it.”

Harper Lee

This part illustrates the analysis of the data collected through surveys and interviews. The outcome of the analysis is to draw a conclusion on the relationship between market orientation and companies’ performance, and propose a suitable measurement scale for instant coffee companies operate in Vietnam (base on suggestions of managers and CEO of interviewed companies).

The data is processed and analyzed with the help of Computer-Assisted Qualitative Data Analysis (CAQD) software ATLAS.ti. The use of this software offers a clear overview of collected data which cover different perspectives of the study.

The analysis consists two parts within-case analysis, to begin with, and, to end with, cross-case analysis. The within-case analysis plays a role as a summary of cases while cross-case analysis acts as a comparison among cases under similar configurations (Khan & VanWynsberghe 2008.).

5.1 Within-case analysis

In this part, the information about each company is collected by asking CEO or marketing managers of case companies to answer the survey. The informants were asked to give details concerning their opinions on the relationship between market orientation and business performance, their assessment of the practicality of the measurement scales, and, if able, their suggestion for additional items added to the scale, based on their experience, to make it more useful. In the following text, each company is described in more detail.
5.1.1 Vinacafé BH

Founded in 1969 by a French engineer Marcel Coronel and successfully produced the first batch of instant coffee in 1977, Vinacafé is considered to be the oldest instant coffee in Vietnam. Even under closed economy policy of communist regime prior 1990, Vinacafé successfully grew into an international brand by exporting to Soviet and other Eastern European markets. In 2004, Vinacafé became a joint stock company and changed its name to Vinacafé Bien Hoa Joint stock Company, or in short Vinacafé BH. According Vinacafé BH’s annual report, the company reached its highest in the market in 2005 with 50% of market share compared to 33% market share of its direct competitor, Nescafé (Nestlé). However, Vinacafé BH started to show stagnant in the performance lose a part of market share to direct competitors: Trung Nguyen and Nescafé. With the effort to regain its market lead position, in 2011, Vinacafé BH was listed in Hochiminh stock exchange (HOSE) so as to increase its capital. In the following year, Vinacafé BH’s distribution channel strategically merged with Masan Consumer’s distribution channel in order to increase the accessibility to customers all over Vietnam. In the same year, Vinacafé BH founded its R&D department that it may be able to produce new products fit customers’ needs. Ever since the date of its foundation, Vinacafé shows a strong customer-orientation in marketing strategy by always describing itself as coffee made by Vietnamese for Vietnamese. As of 2013, the company revenue reached 110 million USD (Vinacafe BH 2013), show an increase of nearly 45% compared to 2012. Though Vinacafé BH is still behind Nescafé, the gap between them is significantly close.

5.1.2 Trung Nguyen

Trung Nguyen is founded in 1996 in Buon Me Thuot, Vietnam, by Dang Le Nguyen Vu. Initially, Trung Nguyen was a small private coffee grounding company. Two years later, in 1998, Trung Nguyen open its first coffee shop in Vietnam, marking the first step of Trung Nguyen to setting up its chain throughout Vietnam and in other countries of the world. In the year 2001, Trung Nguyen announced its slogan “explore creative inspiration”, which became their main business philosophy as of today, and it helped Trung Nguyen to gain the
recognition and love over consumers across Vietnam. In 2003, Trung Nguyen, for the first time, introduced their instant coffee product G7. Out of expectation, G7 received the highest score, with 89 percent of votes, in a blind test to choose the best instant coffee in Vietnamese market. This is the moment indicates Trung Nguyen officially joined the instant coffee market. In line with company mission’s “dominate domestic market – expand the global market”, Trung Nguyen founded its first overseas office in Singapore in 2008. This step is considered to be the initial move in the global export of the company. In 2010, Trung Nguyen already exported its products to over 60 countries in the world include the United States, Canada, Germany, Japan etc. As of today, Trung Nguyen, from a tiny startup in middle of Vietnam, has transformed into a global company with the revenue of over 200 million USD. Trung Nguyen apparently does not want to stop when CEO Dang set goal for the company to reach 1 billion USD of revenue by 2016. Nowadays, Trung Nguyen is recognized in Vietnam as an example for the changing of Vietnamese economy, the ambition of young Vietnamese companies and the pride of Vietnamese coffee industry (Trung Nguyen Group 2013.).

5.1.3 Nescafé

Different from two previous competitors, Nescafé, from Nestlé, is a foreign instant coffee brand. Nescafé has a rich history with more than 70 years serving customers all over the world. Nescafé officially joined Vietnam market in 1998. It was expected, by their international reputation, that Nescafé would easily capture the market share and became the market leader. Unsurprisingly, Nescafé, along with Trung Nguyen and Vinacafé, successfully educated Vietnamese the practice of starting a day with a cup of coffee. However, Nescafé, unlike Trung Nguyen and Vinacafé, tried to introduce Vietnamese an “international” coffee flavor, using its international prestige. At first, this tactic showed effectiveness. Later, as Trung Nguyen and Vinacafé started to concentrate to marketing campaign and convinced Vietnamese consumers that only Vietnamese coffee flavor suits Vietnamese the most. Nescafé, then, need to adjust their approach to customers by increase the proportion Vietnamese coffee in their instant coffee products. Small mistake lead to big catastrophes. Nescafé, accidentally, gave its market lead
position to Trung Nguyen and Vinacafé and had to chase marketing campaigns of competitors. Even though this was considered a step backward for Nescafé, it was a really valuable lesson for company at that time. After the incident, Nescafé became more oriented specifically for Vietnam market. The change of orientation in marketing campaigns showed the determination and effort of Nescafé to capture the market share from fierce competition. With the rich experience and solid financial background, Nescafé successfully launched several counter campaigns over Trung Nguyen and Vinacafé. According to the report of Nielsen, these campaign, eventually, bore fruit when Nescafé, victoriously, replaced Vinacafé to be the market leader (Nielsen 2012). Nescafé learned well the lesson of being listening to customers and localizing their product to fit local people.

For the convenience of readers, the three case companies will be epitomized by the table below.

TABLE 7. Case Companies

<table>
<thead>
<tr>
<th>Interviewee</th>
<th>Vinacafé</th>
<th>Trung Nguyen</th>
<th>Nescafé</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name</td>
<td>Pham Quang Vu</td>
<td>Vo Thi Ha Giang</td>
<td>Le Nhi</td>
</tr>
<tr>
<td>Current position</td>
<td>Chairman of the Board</td>
<td>Marketing Manager</td>
<td>Marketing Manager</td>
</tr>
<tr>
<td>Previous experience</td>
<td>CEO</td>
<td>Sale representative</td>
<td>Management/ marketing</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue (Vietnam - 2013)</td>
<td>110 Million USD (~100M Euro)</td>
<td>97 Million USD (~88,2M Euro)</td>
<td>113 Million USD (~102M Euro)</td>
<td></td>
</tr>
</tbody>
</table>
In the next part, the author is going to make a comparison among case companies on the impact of market orientation on company performance, and on the selection of measurement scales.

5.2 Cross-case analysis

In this part, the analysis process of collected data will be described in detail. The method, which is used to analyze the data, is called cross-case analysis. This method considers each case as a separate individual to study. As a result, the outcome of the analysis will bring out the similarities or differences among cases. For this study, the analysis will aim at three targets: the impact of market orientation on performance of instant coffee companies, the assessment and selection of market orientation measurement scales, and, finally, the proposed market orientation measurement scale suggested by case companies. For the ease of the readers to follow, below is the figure to summarize the targets.

5.2.1 Market orientation impacts on business performance

As mentioned before, since the 1950s, there has been various research investigates the relationship between market orientation and company performance. This relationship is proven positive in different industry and culture. In the case of instant coffee industry, this relationship is supposed still hold true. In fact, all the case companies in this studies considered market orientation to be the core of their company performance. The relationship between market orientation and company performance is measured by using the information given by respondents and financial reports of their companies.
According to a meta-analysis of Ellis (2006), a major of market orientation’s studies use respondents’ evaluation based on financial measure scales (return on assets – ROA, and sales growth) to assess the business performance of the company. In line with this method, in the interview, the author asked respondents to assess the performance of her or his company with respect to the two financial metrics.

Firstly, in the case of Vinacafé, company’s representative said in the interview that:

“…As you can see in the annual report, even the market in general was not so good, we achieved a positive result in 2013. The sales revenue was 2.300 billion VND (equivalent to 100 million EUR). This sale figure increased around 9 percentage compared to the last year (2012) figure. This is due to our launch of a new product in this year, which is the result of our effort to respond to customer’s demand… I believe that in this industry who understand and respond to customer’s need while fully utilize the internal resources will be the winner… I consider market orientation is they element to maintain the optimum company performance” (Pham 2014)

Following are the responses of Trung Nguyen and Nescafé accordingly:

“…Our sale revenue in 2013 shows a 3 percent increase compared to that of 2012. This is mostly due to the effort of the company to satisfy the need of the customers. We are proud that Trung Nguyen is considered among customers to be the symbol of young Vietnamese business generation. Listening to customer is our guideline for every decision of Trung Nguyen. However, this is a competitive market. Competition is inevitable and hence, we must carefully analyze their (competitors) movement. Being market oriented provide us needed tool to achieve our goal… (Vo 2014)”

“…Well, concerning about our performance, I would say that our company depends much on customers’ preference. As a foreign company, customers used to perceive our product as alien and not familiar with Vietnamese taste. By time, we overcame customers’ bias by our effort to
localize our product. We strongly believe that market orientation is the right direction and allows us to have propitious profit in our sales performance…” (N. Le 2014)

The relationship between company performance and market orientation can be illustrated in the figure below.

FIGURE 17. Relationship between Performance and Market Orientation among case companies

In each case, the author reassessed the company reports in regard to sales performance. The result varies from 3 percent to 9 percent in growth rate. All in all, the result suggests that, in general, market orientation has a positive effect in the company performance.

5.2.2 Market orientation measurement scales’ selection and assessment

It is true that our case companies experienced fairly positive performance in the market at the moment. As a matter of fact, the analyzed data above shows that, of the two measurement scales, the interviewees, who are in charge of monitoring daily marketing activities, prefer MKTOR scale to MARKOR. To explain for this preference, Vinacafé representative said that:

“Because our company realized the importance of customers and our company practice surround customers’ need, we would like to use a measurement scale, which enables us to determine who are our potential customers, partners, and distributors. We went through all the items from
both scales and came to agree that MKTOR, compared to MARKOR, is a more appropriate tool.” (Pham 2014)

In previous market orientation studies, researchers compared and evaluated the practicality of the market orientation scale MARKOR and MKTOR. The outcomes favored MKTOR to MARKOR in term of practicality, such as Wren (1997). Wren concluded that MKTOR scale has items, which are relevant to directly measure customer orientation. Therefore, Trung Nguyen, not surprisingly, chose MKTOR as its favorable scale between two examined scales. Said Trung Nguyen’s marketing manager:

“Our concentration is to build a Vietnamese coffee brand for Vietnamese people. In order to fulfill that objective, we must grasp every bit of knowledge about our customers… After taking a look at both given scales, we realize that MARKOR is suitable for internal assessment of marketing department. However, the scale lacks of focus to what we need: the feasibility and customer focus. Apparently, MKTOR is easier to use, comply with realistic scale items. Hence, I appreciate MKTOR more than MARKOR. And in Trung Nguyen, we are trying to adopt this scale to evaluate our progress…” (Vo 2014)

In the case of Nestle, this company, a foreign corporation entered Vietnam in the early 1990s, long recognized the importance of market orientation. Without understanding local customers, Nestle will not be able to compete, or even to enter a foreign market, in international market. Market orientation gives Nestle what the company needs the most: knowledge about customers. However, using the knowledge without measuring the progress and performance will lead to stagnant and decrease the efficiency. Acknowledging this flaw, Nestle developed its own measurement scale, which is similar to MKTOR, for the market orientation activities of the company. Hence, marketing manager of Nestle, not surprisingly, favor MKTOR to its counterpart scale, MARKOR. To defend company’s choice, she said:

“MARKOR and MKTOR are not unfamiliar to us. When we developed our own market orientation measurement scale, we studied the two scales
thoroughly. MARKOR is a good scale but its sophistication tendency makes it a less practical scale, which can be easily adopted by marketers. We chose MKTOR because it has items that measure the internal and external factors, which we are interested in such as customers, competitors and partners. In my opinion, MKTOR is a perfect scale and it can be used by any company, which has interest to track its performance in marketing interaction with customers…” (N. Le 2014)

From the interview of case companies, MKTOR is the preferred scale of the two scales. This result reveals that case companies appreciate the customer aspect more than the organizational aspect. And hence, MKTOR is more suitable and reliable for company to use in term of practical manner. This outcome repeats the outcome of previous study on market orientation measurement scale. Farell and Oczkowski (1997) pointed out that MKTOR possesses items that emphasize on customer aspect, while MARKOR, is more balance in overall structure, but concentrates on organizational aspect. The following table summarizes the selection of measurement scale among case companies.

### TABLE 8. Selection of Measurement Scales

<table>
<thead>
<tr>
<th>Companies</th>
<th>MKTOR</th>
<th>MARKOR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Customer</td>
<td>Competitor</td>
</tr>
<tr>
<td></td>
<td>Orientation</td>
<td>Orientation</td>
</tr>
<tr>
<td>Trung Nguyen</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Vinacafé</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Nescafé</td>
<td>x</td>
<td>x</td>
</tr>
</tbody>
</table>

In the following text, after confirming MKTOR is more suitable than MARKOR to measure market orientation in Vietnamese instant coffee industry, the author is going to examine if the traditional MKTOR is enough to measure market
orientation in this context or the scale needs adjustments so that it can be used properly.

5.2.3 Proposed items of the measurement scale

Even the outcome of the selection shows that MKTOR is a preferred scale, the scale needs some adjustments, suggested by case companies, to be fully adopted into practice. The proposed item for the scale is the result of the integration between the traditional MKTOR scale and the practical experience of case companies. Following is the suggestion from the three participants. First of all, the author took a look at suggestion of Vinacafé. The suggestion is describe as below:

“We suggest that, regard the customer orientation, the item number one (our business objectives…), item number five (we measure customers’ satisfaction…) along with item number two of competitor orientation should be cross out from the scale. According to our experiences, these items are redundant and not important to the scale in total. We have experimented several times and can confirm that the removal of three items insignificantly affect the reliability of the scale” (Pham 2014)

Before examining Trung Nguyen’s suggestion, the author decided to assess the suggestion of Nescafé first because the company already has the benchmark scale that is similar to MKTOR scale. Here is the suggestion from Nescafé’s marketing manager:

“From our company’s perspective, we think that the original MKTOR should be simplified to make it more compact and easy to administer. With the consideration of the reliability of the scale after modified, we have tried out different reductions and come to the most compact yet reliable scale. From the customer orientation, we remove item number one (our business objectives…), four (we give close attention…) and five (we measure…). From the competitor orientation, we remove item one (our salespeople regularly…), two (our top managers from every…), and three (we rapidly respond…). The new 8-scale is easy for the marketing people
to remember while still maintain the accuracy for our company.” (N. Le 2014)

Different from two companies, Trung Nguyen suggested that:

“We think, for us, the MKTOR scale is sufficient to evaluate company’s market orientation. We went through to see if any modification is needed. But it turned out the MKTOR fit perfectly for our company. Therefore, I suggest to keep the original scale.” (Vo 2014)

To sum up, Trung Nguyen suggested to keep the original while other companies suggested modification and confirmed the modification remain the reliability of the scale. The modification of the scale are: from the customer orientation, the item number one (Vinacafé, Nescafé), four (Nescafé), five (Vinacafé, Nescafé) and from competitor orientation: the item number one (Nescafé), two (Vinacafé, Nescafé), three (Nescafé) will be removed from the original scale. For the ease of the reader, the author presents the new scale as follow.

TABLE 9. Proposed Measurement Scale

<table>
<thead>
<tr>
<th>Customer Orientation</th>
<th>Competitor Orientation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Our strategy for competitive advantage is based on our understanding of customers’ needs.</td>
<td>4. We target customers where we have an opportunity for competitive advantage.</td>
</tr>
<tr>
<td>2. We constantly monitor our level of commitment and orientation to serving customers’ needs.</td>
<td>5. Top management regularly discusses competitors’ strengths and strategies.</td>
</tr>
<tr>
<td>3. Our business strategies are driven by our beliefs about how we can create greater value for customers.</td>
<td></td>
</tr>
</tbody>
</table>
Interfunctional Coordination

6. We freely communicate information about our successful and unsuccessful customer experiences across all business functions.

7. All of our business functions (marketing/sales, manufacturing, R&D, finance/accounting, and so on) are integrated in serving the needs of our target markets.

8. All of our managers understand how everyone in our business can contribute to creating customer value.

The proposed scale measures three aspects of market orientation the customer orientation, the competitor orientation and the interfunctional coordination. All the items of the scale use the Likert scale 7-score, in accordance to the original scale of Narver and Slater (1990), to measure the adaptation of market orientation (1 = strongly disagree, 4 = neutral, and 7 = strongly agree). This proposed scale is in harmony with suggestion from many previous studies suggest that different contexts have different effects onto market orientation and may require a new measurement scale (Kohli and Jaworski 1990), (Kumar, Rust, et al. 2004), (Narver and Slater 1990).
6 CONCLUSION, BENEFITS, LIMITATIONS AND FUTURE RESEARCH

“One worthwhile task carried to a successful conclusion is better than 50 half-finished task.”

B.C Forbes

6.1 Conclusion

The main purpose of this research is to offer a market orientation measurement scale to aid the practice of market orientation among instant coffee companies in Vietnam. Additional goals of this study are to explain the definition of market orientation and to explore the relation between market orientation and company performance. These additional goals were carried out to offer a deeper understanding of the topic and to emphasize the importance of the main outcome of the study. By analyzing previous studies concerning this topic and interviews from marketing-related personnel of case study’s companies, the author was able to fulfill the targets of the research. The point of this chapter is to sum up the outcomes of the research and explain how these outcomes answer the questions raised at the beginning of the study.

TABLE 10. Answers for research questions

<table>
<thead>
<tr>
<th>Question</th>
<th>Answer</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. What is the definition of market orientation?</td>
<td>The first objective is to explore what is market orientation. The definition of market orientation can be traced back to the emergence of marketing definition in the 1950s. There are several definitions for this concept. These definitions evolve gradually by time as many famous researchers commented and contributed to this topic. Some of the most prominent definition of market orientation can be described as follow. Bisp (1999) suggested that market orientation is a sequence of actions, which a company needs to gather, interpret and make use of information concerning customers and competitors to gain competitive advantages. Kohli and Jaworski (1990) described market orientation as a process to generate, dissemination of intelligence and the process requires a whole</td>
</tr>
<tr>
<td>2. How many views are there on market orientation?</td>
<td></td>
</tr>
</tbody>
</table>
organization to respond to the intelligence. Ruekert (1992) claimed that for a company to be market oriented, that company must fully understand and practice three things: obtain and use information from customers, develop a strategy based on the collected information, and respond to customers’ demand by implementing the strategy. Narver and Slater (1990) indicated that market orientation is an organization culture that creates behaviors to achieve superior advantages over competitors. Shapiro (1988) listed criteria that a market orientated company must possess: “information on all important buying influences permeates every corporate function”, “strategic and tactical decisions are made interfunctional-ly and interdivisional-ly”, and “divisions and functions make well-coordinated decisions and execute them with a sense of commitment”. Desphandé et al. (1993) consider market orientation is a set of company’s belief, which put customers’ interest into the core of it while still maintain balance of the stakeholders’ interest to make long-term profit. In addition, Kotler (2012) argued that to fully make use of market orientation, company must maintain the balance among customer orientation, competitor orientation and take care of its own suppliers.

To sum up, market orientation can be simply considered as the act of apply marketing definition into company practice to gain competitive advantages and make profit (Felton 1959.).

| 3. What are the benefits/effects of market orientation on company performance | The next objective of this research was to explore the relation between market orientation and company performance. This part contains two areas of research. The first area is the desk research. The desk research of market orientation offer a review on previous studies about the relation between market orientation and company performance in different contexts. The second area is the field research. This area reveals the |
relationship between market orientation and company performance in Vietnamese instant coffee market.

From the literature review, there are many findings on the relationship between market orientation and business performance. Felton (1959), confirmed that market orientation brings company a long-term profit. Kohli and Jaworski (1990) also suggested that market orientation benefits company in three domain: employees respond, customer respond and business performance. However, in the research, the authors found no positive result in the company performance. This result may lead to confusion if marketing is really need for companies. I an effort to revisit the research three years later, Kohli and Jaworski (1993b) found positive relationship between market orientation and company performance. Other researchers had similar result as well. Narver and Slater (1990) measured this relationship by using ROI on forest industry companies and found positive result. As the research on market orientation is conducted all around the world, there was a notice from Ellis (2005) that market orientation has lesser impact in developing countries compare than that has in developed countries. This notice challenged the practicality and the importance of this study. The author conduct several review on different literature and discover that the impact of market orientation on company performance in Vietnam is significant (Le, Pham and Evangelista 2013; Ly, Dornberger and Nabi 2010).

To secure the practicality and importance of this study, the author decided to examine the relationship between market orientation and company performance in the case companies. Only if the case companies considered this relationship is positive, the research is meaningful. Otherwise, the research is a waste. The interview, conducted from June to September
2014, revealed that all the participants perceived market orientation plays a crucial key to their companies’ performance. The participants agreed that by applying market orientation, their sales revenue did increase. By assessing the annual report of case companies, the author saw that the increase in sale of all three companies was positive and varied from three percent to nine percent, despite the market was turbulent at the time. Nonetheless, the participant emphasized the importance of being market oriented by confirming that only understand and respond to customers’ demand while still maintain the internal resources is the winning formula for this instant coffee industry.

To sum up, both findings from desk research and field research validate the positive relationship between market orientation and company performance. In other words, market orientation benefits company both in short and long run.

<table>
<thead>
<tr>
<th>4. How many ways to measure market orientation performance of company?</th>
</tr>
</thead>
<tbody>
<tr>
<td>According to Gray et al. (1998), among different proposed scales for market orientation, MARKOR (1993b) and MKTOR (Narver and Slater 1990) are the best measurement scale for this concept.</td>
</tr>
<tr>
<td>MARKOR (1993b) contains 20 items and measure market orientation through three domains: intelligence generation, intelligence dissemination and responsiveness. This scale measure the ability of the company to collect and analyze data, to spread out and discuss the analyzed data, and to create a respond to the recognized problems.</td>
</tr>
<tr>
<td>MKTOR (Narver and Slater 1990) contains 14 items and measure market orientation through three aspects: customer orientation, competitor orientation and interfunctional orientation. The scale covers not only the external factors but</td>
</tr>
</tbody>
</table>
also internal factor that company concerns. Even though it is less popular than MARKOR, it is considered to be more practical than MARKOR by some studies (Farrell and Oczkowski 1997) (Gauzente 1999).

The detail structure of MARKOR and MKTOR is displayed in the Appendix 1 and Appendix 2.

<table>
<thead>
<tr>
<th>5. Are the traditional measurement scale suitable for the Vietnamese instant coffee industry?</th>
</tr>
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<tbody>
<tr>
<td>Based on the interview of marketing-related personnel from three case companies, all of them agreed that MKTOR is superior to MARKOR when it comes to the practicality. The empirical research also shows that the traditional measurement scale is suitable for measuring market orientation in Vietnamese instant coffee market. However, the original MKTOR needs some modification to be able to adapt to Vietnamese market. After gather all the opinions of participants, the new scale has 8 items, significantly simpler than before, includes customer orientation (3 items), competitor orientation (2 items) and interfunctional orientation (3 items). The structure of propose scale is in Appendix 3.</td>
</tr>
</tbody>
</table>

| 6. Which modification should be implemented to traditional scale to make it suitable for Vietnamese instant coffee industry? |

6.2 Benefits of the research

This research’s outcomes clearly benefit not only the case companies and the instant coffee companies in Vietnam but also the academic research of market orientation.
For the case companies, this research suggests that by adopting market orientation, company performance will be improved and gain more customer base. In addition, this research offers a company measurement tool to assess their market orientation activity to make sure company is on track and administer company performance. The importance of the measurement scale to companies is confirmed by the field research of this study.

This research also has contributions to academic research. The outcomes of this research contribute knowledge of market orientation in a new context, Vietnamese instant coffee industry, and confirms the hypothesis of previous studies that market orientation has a positive effect on company performance. Furthermore, the research offers a new direction for future studies by offering the possibility to assess the proposed scale by quantitative methods.

6.3 Validity, Reliability and Limitations

This research is carried out based on the suggestions of previous studies in the subject of market orientation. The reliability and validity of earlier studies are guaranteed because they were published on the trustworthy magazines, academic journals like Journal of Marketing, Journal of Management, and other academic books. Therefore, the information on literature review and the adaptation of these information into this research is reliable. Furthermore, the interview and the semi-structured survey were conducted with the CEO and marketing managers of big companies in Vietnam, whom the author supposes to have deep knowledge of the industry. Thus, the author believes the information gained from the interview and the survey is considered to be highly reliable.

The research inevitably has some limitations. First of all, the research is carried out with concentration on Vietnam market and on instant coffee industry, specifically. Therefore, the outcome of this study geographically limits within Vietnam and also limit in instant coffee industry. The result of the research should be only viewed in this context. Further research is highly recommended if anyone wants to apply the result of this study into different context.
In addition, the author acknowledges that the empirical research of this study is limited with a small number of case companies. This limitation restricts the ability to generate a new theory and hence may affect the validity of this study. However, it should be kept in mind that the research is not to offer a general theory but to evaluate the measurement of market orientation among companies in a particular industry (Vietnamese instant coffee industry). This lays a foundation for new theory to be tested in future research. By figuring out limitations of the research, the author removes the ambiguity of the research, increases the validity and suggests clear directions for future studies.

All in all, the author is confident that the research is highly valuable, and the reliability and validity are of no doubt.

6.4 Suggestions for further research

Base on the result of this research, there are two directions that the author suggest for further investigation. First of all, this modified measurement scale is built on qualitative research. Hence, to increase the reliability of this scale, it needs to be tested by a broad sample with quantitative study.

Secondly, the relationship between market orientation and company performance is verified in this study. However, this field of study needs more samples in order to generalize this relationship at a larger extent.

The author suggested two directions for further research:

1. Quantitatively examines the measurement scale.
2. Testing market orientation and business performance relationship considering original MKTOR and proposed scale.
7 SUMMARY

The purposes of this study are to examine the relationship between market orientation and company specifically concentrates on instant coffee industry in Vietnam, and to offer the measurement scale to measure the effect of market orientation on company performance. The outcomes of this research are valuable in two aspects: theory and practicality. This study supplements the study of market orientation in Vietnam context because this marketing aspect is rarely studied in Vietnam. In term of practicability, the application of this research’s outcomes grants company significant advantage over competitors as the sooner company adopt market orientation, the greater effect will be.

The research starts at chapter 2 with the review of literature of market orientation from the 1950s to the most recent. The knowledge from these literature offers basic knowledge for this research. Market orientation is defined and reviewed in different way of thinking. In this part, the method of measuring market orientation and measurement scales are also introduced.

In chapter 3, the research context (Vietnam) is put under the scope. The overview of research context includes market overview of Vietnam, the instant coffee industry overview, and the consumption trend and habit of Vietnamese consumers.

Chapter 4 describes the methodology that is used in the research. This chapter depicts in detail the selection of case companies, data collection procedure, the research context, and the analysis protocol.

Chapter 5 is the description data analysis process. There are two main parts in this chapter: the cross analysis and within case analysis. The within case analysis analyzes the case companies individually, while the cross case analysis makes a comparison among case companies. The result of the analysis is also the outcome of the research.

Chapter 6 discusses the conclusion of the research. In this chapter, the author presents the answers to the research questions raised in chapter 1. The reliability
and limitations of the research are also revised. The suggestion for further research is also made in this chapter.
REFERENCES

Published References


**Electronic Sources**


**Interview**


Pham, Quang Vu 2014. Vinacafé Bien Hoa JSC. *Chairman of Board*. Interview September 11, 2014.

APPENDICES

APPENDIX 1. MARKOR MEASUREMENT SCALE

<table>
<thead>
<tr>
<th>Intelligence generation</th>
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</thead>
<tbody>
<tr>
<td>1. In our business unit, we meet with customers at least once a year to find out what products or services they will need in the future.</td>
</tr>
<tr>
<td>2. In this business unit, we do a lot of in-house market research.</td>
</tr>
<tr>
<td>3. We are slow to detect changes in our customers’ product/service preferences.</td>
</tr>
<tr>
<td>4. We survey end-users at least once a year to assess the quality of our product and service offerings.</td>
</tr>
<tr>
<td>5. We are slow to detect fundamentals shifts in our industry (e.g., competition, technology, regulation)</td>
</tr>
<tr>
<td>6. We periodically review the likely effect of changes in our business environment (e.g., regulation) on customers</td>
</tr>
<tr>
<td>7. When we find that customers would like us to modify a product or service, the departments involved make concerted efforts to do so.</td>
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</tbody>
</table>

<table>
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<tr>
<th>Intelligence Dissemination</th>
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<tbody>
<tr>
<td>8. We have interdepartmental meetings at least once a quarter to discuss market trends and developments.</td>
</tr>
<tr>
<td>9. Marketing personnel in our business unit spend time discussing customers’ future needs with other functional departments.</td>
</tr>
<tr>
<td>10. When something important happens to a major customer or market, the whole business unit knows about in a short period.</td>
</tr>
<tr>
<td>11. Data on customer satisfaction are disseminated at all levels in this business unit on a regular basis.</td>
</tr>
<tr>
<td>12. When one department finds out something important about competitors, it is slow to alert other departments.</td>
</tr>
</tbody>
</table>
### Responsiveness

13. It takes us forever to decide how to respond to our competitors’ price changes.

14. For one reason or another we tend to ignore changes in our customers’ product or service needs.

15. We periodically review our product development efforts to ensure that they are in line with what customers want.

16. Several departments get together periodically to plan a response to changes taking place in our business environment.

17. If a major competitor were to launch an intensive campaign targeted at our customers, we would implement a response immediately.

18. The activities of the different departments in this business unit are well coordinated.

19. Customer complaints fall on deaf ears in this business unit.

20. Even if we came up with a great marketing plan, we probably would not be able to implement it in a timely fashion.
### APPENDIX 2. MKTOR MEASUREMENT SCALE

#### Customer Orientation

1. Our business objectives are driven primarily by customer satisfaction.
2. Our strategy for competitive advantage is based on our understanding of customers’ needs.
3. We constantly monitor our level of commitment and orientation to serving customers’ needs.
4. We give close attention to after-sale service.
5. We measure customer satisfaction systematically.
6. Our business strategies are driven by our beliefs about how we can create greater value for customers.

#### Competitor Orientation

7. Our salespeople regularly share information within our business concerning competitors’ strategies.
8. Our top managers from every function regularly visit our current and prospective customers.
9. We rapidly respond to competitive actions that threaten us.
10. We target customers where we have an opportunity for competitive advantage.
11. Top management regularly discusses competitors’ strengths and strategies.

#### Interfunctional Coordination

12. We freely communicate information about our successful and unsuccessful customer experiences across all business functions.
13. All of our business functions (marketing/sales, manufacturing, R&D, finance/accounting, and so on) are integrated in serving the needs of our target markets.
14. All of our managers understand how everyone in our business can contribute to creating customer value.
### APENDIX 3. PROPOSED MEASUREMENT SCALE

<table>
<thead>
<tr>
<th>Customer Orientation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Our strategy for competitive advantage is based on our understanding of customers’ needs.</td>
</tr>
<tr>
<td>2. We constantly monitor our level of commitment and orientation to serving customers’ needs.</td>
</tr>
<tr>
<td>3. Our business strategies are driven by our beliefs about how we can create greater value for customers.</td>
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</table>

<table>
<thead>
<tr>
<th>Competitor Orientation</th>
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<tbody>
<tr>
<td>4. We target customers where we have an opportunity for competitive advantage.</td>
</tr>
<tr>
<td>5. Top management regularly discusses competitors’ strengths and strategies.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Interfunctional Coordination</th>
</tr>
</thead>
<tbody>
<tr>
<td>6. We freely communicate information about our successful and unsuccessful customer experiences across all business functions.</td>
</tr>
<tr>
<td>7. All of our business functions (marketing/sales, manufacturing, R&amp;D, finance/accounting, and so on) are integrated in serving the needs of our target markets.</td>
</tr>
<tr>
<td>8. All of our managers understand how everyone in our business can contribute to creating customer value.</td>
</tr>
</tbody>
</table>
APPENDIX 4. INTERVIEW PROTOCOL

(The interview protocol is written in Vietnamese and also the interview is conducted in Vietnamese. Here is the English translation of the protocol)

We are interested in learning how and why your company operate and measure company performance (market orientation). We appreciate your cooperation to participate the survey and interview, which will take about 30 minutes. Following are the information the interview requires.

I. PERSONAL INFORMATION
   • Name:
   • Position in company:
   • Professional experience (in your current company and previous):

II. COMPANY INFORMATION
   • Year of foundation:
   • How many employees are there in your company?
     □ 1 - 99
     □ 100 - 499
     □ 500 - 999
     □ Over 1000
   • What is the revenue of your company?
     □ Under $5.000.000
     □ From $5.000.000 – $10.000.000
     □ From $10.000.000 – $50.000.000
     □ Over $50.000.000

III. MARKET ORIENTATION MEASUREMENT SCALES
   1. Your own experience on the impact of market orientation:
      ➢ Do market orientation offer advantages to your company over competitors?
      ➢ How does market orientation affect company’s revenue?
      ➢ Can you tell the difference before and after company conduct market orientation into practice?
2. Measuring market orientation’s impact:
   - How does your company measure the impact of market orientation on company performance?
   - Please describe which item or variable would you use to measure, and why?

3. Selection of measurement scale:
   There are two academic measurement scales for market orientation. They are MARKOR and MKTOR
   - MARKOR (created by Kohli and Jaworski – FIGURE 1)
   - MKTOR (created by Narver and Slater – FIGURE 2)

   (MARKOR and MKTOR is shown for interviewee)

   Based on your experience and your company situation, please assess these following questions:

   i. Of the two mentioned measurement scales, which is more suitable for your company and qualified for further modification? Why?
      - □ MARKOR
      - □ MKTOR
      - □ Why? _______

   ii. The elements of two measurement scales is summarized in the table below

      | MARKOR                  | MKTOR                  |
      |-------------------------|------------------------|
      | Customer Orientation    | Intelligence Generation|
      | Competitor Orientation  | Intelligence Dissemination|
      | Inter-functional Coordination | Responsiveness          |

   - Do you think the construct of measurement scale appropriated?
   - Do you think there should be any adjustment to the measurement scale? If yes, what item should be added? Why? Why not?
What is the impact and importance of market orientation on your company performance (regard to ROA and sales growth)?

Thank you for your time and participation in our interview. Please feel free to contact me via e-mail if you have any question to ask. Best regards.