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The Interplay Between “Inter-functional Coordination”, “Competitor Orientation”, “Brand Orientation” and “Customer Orientation”; An Example from the Turkish Retail Industry

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Abstract

This article seeks to investigate the effect of company’s “inter-functional coordination” and “competitor orientation” in “brand orientation” and “customer orientation”. There were seven stationary products’ retailers sampled for the study. The data were collected from salespeople (inside customers) from 68 different shops across Turkey. With a total of valid 210 answers collected from 262 salespeople, Structural Equation Model (SEM) was used to estimate the effects among the studied variables. The results showed that “inter-functional coordination” has a strong impact on “customer orientation”. Also, “inter-functional coordination” has a mild effect on “brand orientation” while “customer orientation” has a similar effect on “brand orientation”. On the other hand, “competitor orientation” has a negative effect on “brand orientation”. The study extends the literature of inter-functional coordination, competitive orientation, brand orientation and customer orientation and offers useful managerial implications in retail industry in Turkey.

Keywords: “Inter Functional Coordination”, “Competitive Orientation”, “Brand Orientation” and “Customer Orientation”, Internal Marketing, Retail Salespeople.

1. Introduction
In this century, companies try to operate in a jungle of competitors while more demanding customers force companies to provide growing customer satisfaction. In today’s world, in order to obtain a sustainable success, companies should be customer-oriented which means understanding what lies at the core of the businesses; customers. It is discussed by several researchers and suggested that especially company staff, termed as internal customers, has a big impact on the satisfaction of external customers. This academic research aims to contribute to the literature by providing additional information on the retail market about the brand and customer orientation that are present for the company’s “competitive orientation” / “cross-functional coordination” and the relationships between “salespeople’s brand” / “customer orientation”.

In the sphere of retailing sector, attitude of salespeople is a critical factor for customer satisfaction. No matter how technology advances, sales team members’ effort to understand their customers, which focuses on solving their problems, provides ongoing communication power to the customer-business relationship. Despite all the technological developments, salespeople’s effort to identify the customers’ needs for solving customers’ problems extends the period and strengthens the reliability of customers’ relationship between the company and customer (Park and others, 2010). Customers will be eager to be more satisfied and to return to loyal customers where salespeople are customer oriented. It is critical for retailing companies to motivate their staff for being more brand oriented and the major item means customer oriented team member.

Berry (1981) defined salespeople as internal customers, who developed the ability to serve external customers for the business. He introduced the term internal marketing as “viewing employees as internal customers, viewing jobs as internal products, and then endeavoring to offer internal products that satisfy the needs and wants of these internal customers while addressing to the objectives of the organization” (p. 34). According to two researchers, internal marketing includes three topics (Rafiq and Ahmed, 2000):

- Employee satisfaction,
- Customer focus and
- Interfunctional coordination.

Our research focus on the two of them; company’s inter-functional coordination and competitor oriented engagement resulting in brand orientation and customer orientation. Customer orientation is defined as having the mindset of salespeople to meet customer needs and helping customers to make a purchase decision while carrying out their marketing efforts (Stock and Hoyer, 2002; Brown et.all 2002).

Many researchers have demonstrated that customer satisfaction depends on employees’ customer-oriented and brand-oriented approaches. It is important to reveal why and how employees’ customer and brand oriented approaches are affected. In other words, it necessitates measuring the impact of the company’s inter-functional coordination and competitor orientation on employees’ brand and customer-oriented performance (Park and Tran, 2018). Conducting customer-oriented behaviors to provide superior service to the customers is an important factor for salespeople in retail sector. Besides, it is an element of superiority against the competitors that provide added value to the brand image of the company (Marshall and Johnston, 2015).

The study’s main goal is to search the effect of a company’s inter-functional coordination and competitor-oriented engagement resulting in brand orientation and customer orientation particularly in Turkish retailers; book and stationary product sellers from different shops cover all Turkey. One of the aims of this research is to provide useful information for the retail sector managers and practitioners.

2. Theoretical background / Hypothesis development
1. Effect of company “inter-functional coordination” on salespeople’s “customer-orientation” and “brand orientation”

“Inter-functional coordination” is defined that every employee in the company has a marketing perspective and engages in marketing activities that will create value for consumers and coordinates all resources of the company in line with this philosophy. This approach is the obligation to the companies to be successful in today’s competitive jungle (Narver and Slater, 1990; Wrenn, 1997).

One of the aims of this paper is to discover the significance of “inter-functional coordination” (shared market information inside the organization, involvement of different business units in preparing business plans/strategies, job integration activities in the organization and regularly market trends and development topics discussed in inter-organizational meetings) for the “customer orientation” and “brand orientation” of salespeople.

In addition to the two elements of market orientation; “customer” and “competitor orientation”, “inter-functional coordination” is considered to be the third element, as well. (Kohli & Jaworski, 1990). Therefore, it is obvious that improvement in “inter-functional coordination” will lead to higher level of market orientation. Strengthening the inter-functional coordination results for a higher level of customer satisfaction increases profitability, which leads to making good decisions for strategic planning (Bak et al., 1994; Foreman and Money, 1995; Lings, 1999; Marjanova, 2014; Apasieva, 2018; Jaworski and Kohli, 1993).

Kohli and Jaworski (1990) has suggested the definition of “customer orientation” as customer oriented concept that includes all company business processes. According to the researchers, spreading market intelligence and trying to respond to customer needs are among the responsibilities of customer-oriented companies. Additionally, Narver and Slater (1990) stated that “customer orientation” is one of the market orientation factors including “competitor orientation” and “Interfunctional coordination”. Some of the researchers define “customer orientation” as a series of beliefs and behaviors that rank the customer’s interests first and one of the most important, and creating superior customer value that includes the entire company culture. In the marketing field, the impact of “customer orientation” (organizational culture that creates value for the customers and increases the performance of the company business to the highest possible effectively) on satisfied customers and company profit increase is obvious. The results of the studies by many researchers also support the previous studies that show customer-oriented company culture positively affects job satisfaction and staff performance (Saxe and Weitz, 1982; Narver and Slater, 1990; Kelley, 1992; Jaworski and Kohli, 1993 &1996; Deshpande et al., 1993; Rindfleisch and Moorman, 2003; Donavan et al., 2004; Menguc et al., 2016) ;)

Brand orientation is defined as a brand-building strategy that aims to achieve a strong brand against competitors in the market by preserving the brand image during the interaction of external and internal stakeholders in order to improve company performance values, including the financial performance data of the company. The purpose of brand-oriented enterprises is to create permanent brands, to obtain permanent competitive advantages against competitors and to draw a clear direction to the company. Companies adopt a brand-oriented approach that is in constant contact with the target audience and surrounded by creation, development and protection of brand identity (Urde,1994 and 1999; Gromark and Melin, 2011; Urde et al., 2013; Anees-ur-Rehman et al., 2016).

Brand orientation should be integrated not only into the organizational culture and vision, but also values and beliefs. With the advancing technology, increasing media costs, decreasing product differences and increasing integration of the markets can be explained as the main factors that force today’s companies to be brand oriented (Wong and Merrilees,2008; Hirvonen and Laukkanen,2014; Anees-ur-Rehman et al.,2016). It is managers ‘obligation to make company employees come into contact with the consistent brand messages and brand image to ensure brand oriented approach in the company. Through different internal branding efforts, to enhance employees ‘understanding of
the brand values of emotional connection of employees with the brand is also the duty of managers (M’zungu et al., 2017; Merrilees and Frazer, 2013). Company employees' focused and even dedicated approaches to developing and protecting the brand they represent should be considered as an evidence of a brand-oriented company culture (Leek and Christodoulides, 2011). Creating a sustainable and permanent brand advantage against competitors can be possible with the transparent brand culture created in line with the direction of business managers, the brand appreciation that is tried to be created within the company and the brand identity that is tried to be developed and protected (Gromark and Melin, 2011; Urde, 1999; Bartels et al., 2010; Merrilees and Frazer, 2013).

H1: Company “inter-functional coordination” has a positive effect on salespeople’s “customer orientation”.

H2: Company “inter-functional coordination” has a positive effect on salespeople’s “brand orientation”.

2.2. Impact of company “competitor orientation” on salespeople’s “brand orientation”
Employees act based on companies’ strengths and weaknesses. Against competitors, companies’ effort to create value and improve the customer experience in order to enhance market intelligence and business performance in the market is defined as “competitor orientation” (Narver and Slater, 1990; Slater and Narver, 2000; Wang and Miao, 2015; Armstrong and Collopy, 1996; Verbeke et al., 2008; LeRoy and, 2014; Katsikeas et al., 2016).

Brand orientation is detailed in part 2.1.

H3: Company “competitor orientation” has a positive effect on salespeople’s “brand orientation”

2. Effect of salespeople’s “customer orientation” on salespeople’s “brand orientation”
Information about customer and brand orientation is given in part 2.1 and 2.2. According to the definition, customer-oriented (in other words, customer-focused) companies are those that design their marketing strategy around delivering superior value to their targeted customers, which means treating their customers as their first priority to gain a strong position in the market. Besides the effort of salespeople’s to reach and create sustainable long term relationship with many customers; everybody in the company should focus on what the best is for a customer by placing the customer at the center of all company decisions. Company staff has to realize that everything else derives from customers’ needs and wants as well as business (Talpau and Boșcor, 2011; Drucker, P., 1994). All managers should consider how the concept of customer orientation varies depending on company employees’ attitudes and behaviors towards customers (Drury, 2000). To be a customer oriented company, companies should improve their salespeople’s abilities to be customer oriented, problem solver and good communicator through trainings and effective management styles.

“Customer orientation” is the ability of company staff to fulfill customer needs (Brown et al., 2002). Customer-oriented salespeople are extremely important as they are in direct contact with customers, and they have motivation to serve to make decisions in addition to their customer-oriented skills (Dimitriades, 2007).

H4: Salespeople “customer orientation” has a positive effect on salespeople’s “brand orientation”

3. Research Method
3.1 Research context and sampling
This research was used to test the four hypotheses of the study. The factor based structural equation SEM results support three of the four hypotheses proposed to this study.

The variables for this study are “customer orientation”, “brand orientation”, “competitor orientation” and “inter-functional coordination”. Data was collected from seven companies’ sixty-eight shops which are stationary products sellers in retail industry. The study adopts a survey approach, by studying factor-based structural equation modeling (SEM) to test the hypotheses of the study in Turkey. The exact number of SMEs could not be ascertained, and that was a key limitation to determine the sample size. The answers of participants were collected via e-mail and phone and also face-to-face.

These seven companies’ numbers of salespeople located in sixty-eight shops all over Turkey were 262. The questionnaires were distributed to all, and valid 210 of them were collected. The questionnaire for salespeople included items aimed to measure salespeople’s perception of companies’ “internal-functional” and “competitor orientation” while the questionnaire also contained items of salespeople’s ‘evaluation of “customer orientation” and “brand orientation”. Initially, the questionnaire was written in English, and then translated into Turkish. In order to be sure that the Turkish translation represents the original, the Turkish questionnaire was translated back into English with a reverse translation.

A pilot test was given to 32 respondents. The pilot questionnaire was revised based on the respondents’ feedback. After getting permission and preventing misunderstanding of participants through call or e-mail, the final questionnaire was distributed. It took each respondent about 10 minutes to fulfill the questionnaire. During the answering processes, researchers’ mails and phone numbers were available to offer help if needed.

Totally 262 questionnaires, which refers to the number of all salespeople in seven retailers, were distributed, and collection lasted two months and the response rate was 84.0%. Because of missing and incorrect answers, eleven questionnaires were dropped. Finally, 210 valid responses were used for subsequent data analysis.

3.2 Profile of respondents

210 over 263 (80.1 % valid response rate) is the number of valid responses from seven stationary products retailers’ salespeople from sixty-eight shops. The majority of respondents (56.8%) were male. The average age ranged from 18 to 39, with the largest group of 26-32 years. 70% of the respondents had university degree while the rest were high school graduate. 80.9% of the respondents had 1 to 5 years experience in their current retailer. Nearly equally half of them were married. Monthly income level of respondents was in 3000-4000 TL range by 47.3% which was a little bit higher than minimum monthly official wage. Even 38.2% of the respondents had monthly salary around official wage level which was around 2400 TL. Table 1 gives information about the demographic profile of the respondents.

<table>
<thead>
<tr>
<th>Gender</th>
<th>Female</th>
<th>95</th>
<th>43,2</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>125</td>
<td>56,8</td>
</tr>
<tr>
<td>Age</td>
<td>18-25</td>
<td>80</td>
<td>36,4</td>
</tr>
<tr>
<td></td>
<td>26-32</td>
<td>101</td>
<td>45,9</td>
</tr>
<tr>
<td></td>
<td>32-39</td>
<td>39</td>
<td>17,7</td>
</tr>
<tr>
<td>Marital Status</td>
<td>Single</td>
<td>112</td>
<td>50,9</td>
</tr>
</tbody>
</table>

Table 1. Demographic Distribution
3.3. Measures

“Customer orientation” was measured by six items, “competitor orientation” was measured by five items, “inter-functional coordination” was measured by four items and “brand orientation” was measured by four items adapted from Laukkanen, et al (2016). Likert scale ranging from 1 to 5 (1-strongly disagree 5-strongly agree) was used to measure items.

4. Results

The results of the survey according to the valid data collected from sixty-eight shops in retail industry (stationary goods sellers) is given in Table 2.

<table>
<thead>
<tr>
<th>Factors/Items</th>
<th>Factor Loading</th>
<th>Eigenvalue</th>
<th>Explained Variance (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Customer Orientation</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. “We have a strong commitment to our customers”</td>
<td>.680</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. “We are always looking for new ways to create customer value in our products and services”</td>
<td>.810</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. “We encourage customer feedback because it helps us to do a better job”</td>
<td>.581</td>
<td>7.465</td>
<td>49.765</td>
</tr>
<tr>
<td>4. “Our business objectives are driven by customer satisfaction”</td>
<td>.683</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. “After-sales service is an important part of our business strategy”</td>
<td>.632</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. “The main goal of our competitive strategies is to understand customer needs”.</td>
<td>.547</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Competitor Orientation</strong></td>
<td>1.208</td>
<td>8.055</td>
<td></td>
</tr>
</tbody>
</table>

Table 2: EFA Results
1. “We regularly monitor our competitors’ marketing efforts” .772
2. “We frequently collect data about our competitors to help support our marketing” .799
3. “Our people are instructed to monitor and report on competitor activity” .639
4. “We respond rapidly to competitors’ actions” .618
5. “Our top managers often discuss competitors’ actions” .710

**Inter-Functional Coordination**

1. “Market information is shared among our organization” .746
2. “Persons in charge of different business operations are involved in preparing business plans/strategies” .718
3. “We do a good job integrating the activities inside our organization” .680
4. “We regularly have inter-organizational meetings to discuss market trends and developments” .560

**Brand Orientation**

1. “Branding is essential to our strategy” .749
2. “Branding flows through all our marketing activities” .751
3. “Branding is essential in running this company” .772
4. “The brand is an important asset for us” .762

As it can be seen from Table 2, according to the results of explanatory factor analysis, the items of the scale formed four factors. The eigenvalues, variances explained and the factor loadings of each item are also given in Table 1. The total variance explanation ratio of these factors is calculated as 63.83.

Within the Customer Orientation, the item: “We are always looking for new ways to create customer value in our products and services” has the greatest loading as 0.810. For the Competitor Orientation, the item: “We frequently collect data about our competitors to help support our marketing” has the greatest loading as 0.799. For the Inter-Functional Coordination, the item: “Market information is shared among our organization” has the greatest loading as 0.746. For the Brand Orientation, the item: “Branding is essential in running this company” has the greatest loading as 0.772. Higher factor loadings refer to the internal consistency and item reliability.

**Table 3: KMO ve Bartlett’s Test Results**

<table>
<thead>
<tr>
<th>Kaiser-Meyer-Olkin Measure of Sampling Adequacy</th>
<th>0.904</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chi-Square</td>
<td>2170,729</td>
</tr>
<tr>
<td>Df</td>
<td>171</td>
</tr>
<tr>
<td>Sig.</td>
<td>&lt;0.001</td>
</tr>
</tbody>
</table>

Table 3 illustrates the measure of Kaiser-Meyer Olkin Measure of Sampling Adequacy and Bartlett Sphericity Test. This study determines that KMO measured is **0.904**. Kaiser-Meyer-Olkin measure,
the measure being >0.5 signifies that the correlation matrix is appropriate to be applied to principal component factor analysis (Živadinović; 2004).

Figure 1. SEM Results

Goodness of fit statistics and the limits for the structural model given in Figure 1 are given in Table 4.

### Table 4: Limits and the results of the structural model.

<table>
<thead>
<tr>
<th>Fitness Criterion</th>
<th>Perfect Fitness</th>
<th>Acceptable Fitness</th>
<th>Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>RMSEA</td>
<td>$0 \leq\text{RMSEA} \leq0.05$</td>
<td>$0.05 &lt; \text{RMSEA} \leq0.10$</td>
<td>0.07</td>
</tr>
<tr>
<td>NFI</td>
<td>$0.95 \leq\text{NFI} \leq1$</td>
<td>$0.90 &lt; \text{NFI} &lt; 0.95$</td>
<td>0.95</td>
</tr>
<tr>
<td>NNFI</td>
<td>$0.97 \leq\text{NNFI} \leq1$</td>
<td>$0.95 &lt; \text{NNFI} &lt; 0.97$</td>
<td>0.97</td>
</tr>
<tr>
<td>CFI</td>
<td>$0.97 \leq\text{CFI} \leq1$</td>
<td>$0.95 &lt; \text{CFI} &lt; 0.97$</td>
<td>0.97</td>
</tr>
<tr>
<td>SRMR</td>
<td>$0 \leq\text{SRMR} &lt; 0.05$</td>
<td>$0.05 \leq\text{SRMR} &lt; 0.10$</td>
<td>0.041</td>
</tr>
<tr>
<td>GFI</td>
<td>$0.95 \leq\text{GFI} \leq1$</td>
<td>$0.90 &lt; \text{GFI} &lt; 0.95$</td>
<td>0.90</td>
</tr>
</tbody>
</table>

(Source: Schermelleh-Engel and Moosbrugger, 2003). (RMSEA: Root Mean Square Error of Approximation, NFI: Normed Fit Index, NNFI: Non-Normed Fit Index, CFI: Comparative Fit Index, SRMR: Standardized Root Mean Square Residual, GFI: Goodness of Fit Index)

As it can be seen from table 4, our model outputs are found to be between acceptable fit and perfect fit. Besides these Fitness Criterions if the value of $\chi^2 / df$ is less than 3 it means that there is an acceptable fit. For this model $\chi^2 / df$ is obtained as $322.19/147 = 2.191$ that means the model is statistically significant.
When we examine the important variable of Competitor Orientation, the item; "Our top managers often discuss competitors" is found to be the most effective one with the coefficient of 0.81. Within Customer Orientation, the item; "The main goal of our competitive strategies is to understand customer needs.\" is found as the most effective one with the coefficient of 0.56. In Brand Orientation, the item; "Branding is essential to our strategy." is found the most effective one with the coefficient of 0.61. And finally, in Inter-Functional Coordination, the item; "We regularly have inter-organizational meetings to discuss market trends and developments" is found the most effective one with the coefficient of 0.84.

"Inter-Functional Coordination" has an influence on "Brand Orientation" ($\beta=0.49$) and on "Customer Orientation" ($\beta=0.72$). "Competitor Orientation" on the other hand displays a negative impact on "Brand Orientation" ($\beta=0.06$), whereas "Customer Orientation" influences "Brand Orientation" mildly ($\beta=0.40$).

5. Discussion and implications
The study's findings claim that building "inter-functional coordination" in the organization has a positive and significant effect on salespeople’s "customer oriented" and "brand oriented" approach in retail industry. On the contrary of the expected hypothesis, perceived competitor centered approach of the company has appeared to have a negative and significant effect on salespeople’s 'brand orientated' approach. In addition, perceived "customer orientation" of salespeople has a positive and significant effect on salespeople's 'brand orientated' approach.

There are four valuable theoretical contributions of the study. First and foremost, "inter-functional coordination" and "customer orientation" have a strong positive relationship. Secondly, "inter-functional coordination" and "brand-orientation" have a positive relationship. Also, "customer-orientation" and "brand-orientation" have a positive relationship. Finally, "competitor-orientation" and "brand-orientation" have a negative relationship. The findings show "customer-orientation" is significant, indicating that a "customer-oriented" salesperson is "brand-oriented". "Inter-functional coordination" in a company affects a salesperson to become "customer oriented" and "brand oriented".

The results of this survey are suggested for marketing managers and practitioners. It is obvious that paying attention to the fulfillment of the internal customers' needs is the duty of company managers and they should try to understand what the meaning of "customer orientation" and "brand orientation" is for internal customers, especially salespeople. Since "inter-functional coordination" is influential in motivating salespeople for being more customer-oriented and brand-oriented, managers are recommended to give information about "market trends and developments". Lastly, managers and practitioners are advised not to share too much information about the competitors that causes negative impact on the motivation of salespeople. We believe that these conclusions will lead to a number of significant implications for Turkish retailers.

6. Limitations
Four limitations were faced during the study. First, the sample size is small and only involved seven retailers that were consumer goods sellers in Turkey. To generalize the result to other industries will not be a correct approach. Secondly, the study’s findings gave an idea of Turkish people (high power distance and high collectivism), while searching for Eastern and Western cultures, cultural differences should be considered. Third suggestion for future researchers is to advance this study using large number samples if the sector gives the opportunity. Finally, while investigating from the salespeople-side as the survey oriented, searching the customers' responses will give cross-check opportunity and more precise data analysis to give information about the searched subject. This study gives an idea about a specific of period of analyzed data. So, this could affect the reliability in generalizing the results of the study. The future researchers could investigate the customer side to check the final impact on customer satisfaction. In addition, the survey can be more generalized if
the future research is conducted longitudinally. Increasing the sample size will also give an opportunity to test this model extensively in order that the future research could be generalized.

Acknowledgments

We are very grateful for the respondents who volunteered to spend their time and give full dedication to responding to every statement item in the questionnaire completely and perfectly so that it could be used as research material in this article.

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