Which Business Typology is Most Market Oriented (MO)  
(Comparative analysis of prior studies)

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Abstract  
Core objective of this paper is to identify the relationship among important business typologies and MO (Market Orientation). It is identified after extensive literature review, the business typology of Miles & Snow (defenders, prospectors, analyzers & reactors) is most market oriented as compare to other business typologies such as Abell’s typology (differentiated, undifferentiated and focus strategy) and Porter’s typology of three generic strategies such as cost leadership, differentiation and focus strategy. Further, It is identified, typology of Miles & Snow also not entirely able to be market oriented except adoption of certain outcomes of market orientation that have significance relationship. But comparatively, Miles & Snow business typology is more market oriented than others business typologies. This research paper is based on extensive literature review.

Key words: Market Orientation (MO), Business typologies, Business Strategy

1- INTRODUCTION

The concept of Market orientation is very important and every organization need to be market oriented to gain competitive advantages over time (Abell, 1980). Different researchers have identified various factors which lead organizations to be more competitive. According to researcher, Increased power of buyers in competitive markets forces firms to get closer of buyers in order to sustain their business and to create value adding solution for capturing more revenue from buyer’s base (Galbraith, 2002; Whiteley, 1993). It is very necessary to capture the customer’s attention towards the organization to gain the competitive advantages and for that reason a firm is need to adopt such a business strategy that may be implemented successfully to achieve all desire objectives of the organizations. According to Porter, there are different business strategy typologies such as Porter’s business typology based on certain strategies such as; cost leadership, strategy, differentiation strategy and focus strategy whereas Abell’s business typology based on ; differentiated, undifferentiated and focus strategy (Abell, 1980) and Miles & Snow business strategy typology represented and describe itself as :Prospector-Analyzer-Defender-Reactor (Miles, Snow, Meyer, &
Coleman, 1978) etc. Further according to another researcher, product oriented, product focused strategy can be seen as internally focused company’s strategy that pursues competitive advantage by delivering cutting edge products with the best product features based on core competences (Galbraith, 2002).

Further, typology that is presented by Miles & Snow (Miles, et al., 1978) is categorized into four distinct types; prospectors, defenders, analyzers & reactors. Prospector is defined as a firm which faces problem of entrepreneurial in locating new product & market opportunities. Prospector type of firms thrives in changing business environments that have an element of unpredictability, and succeed by constantly examining the market in a quest for new opportunities. Prospector firm has broad product and service lines also promote creativity over efficiency. Secondly, Defender Firm faces entrepreneurial problem that how to maintain a stable share of the market, hence their function is best in the stable environment. Thirdly, analyser firms are those firms which share characteristics with prospector and defender organizations as well as the reactor firms are those that do not have systemic strategy, structure or design and these firms also not prepared for changes.

Market orientation is further defined in different, according to another researcher market orientation is actually the implementation of the concept of marketing (Kohli & Jaworski, 1990). Marketed orientated firms focus to identify & meet the hidden needs & wants of extensive customers. Market orientation is also defined as the generation & distribution of market intelligence which is composed of information about the customer’s current and future needs and exogenous factors that influence those needs (Kohli & Jaworski, 1990). Market orientation concept is emerging concept which studied and defined by various schools of thought such as; (Becker, 1999; Deshpand, Farley, & Webster Jr, 1993; Kohli & Jaworski, 1990; Narver & Slater, 1990; Ruekert, 1992; Shapiro, 1988; Slater & Narver, 1994).

1.2- Research Objectives & Research Questions

The basic objective to conduct this research is to explore the relationship among different important business typologies that
are more effective for an organization to be market oriented. By doing so this research intends to answer the following questions:

1. What is the relationship between business typology and market orientation?
2. Which business typology is more market oriented than others?

2- LITERATURE REVIEW

2.1 Business Strategy, Typologies & the concept of MO (Market Orientation)

According to different research the concept of MO have great importance for the organizations and it is damn necessary for any organization to be market orientated to competitive in competitive environment and different schools of thought have shown the importance of marketing orientation such as importantly; (Narver & Slater, 1990) as well as (Kohli & Jaworski, 1990) etc. To get the answer of proposed research question, different business typologies are studied in which tried to understand the relationship among business typologies.

2.2.1 Business Strategy

It is not easy to get universal accepted definition of business strategy because no one have defined and presented comprehensive definition of business strategy. According to different researchers this business strategy is defined in different & own ways. Strategy is also defined as corporate level strategy and business level strategy (Hofer & Schendel, 1978) It is defined as decision rules & guidelines that are required by a firm for profitably growth (Ansoff, 1987). The strategy of corporate level focus on selection set of business & recourses deployment between them whereas business level strategy deal with question; how to compete in a particular industry (Hofer & Schendel, 1978). Business strategy is related that how an organization can achieve advantage over a competitors (Johnson, Scholes, & Whittington, 2008). Further, business strategy is typically a document that articulates direction towards a business to pursue and provide certain step to achieve the specific organizational goals.

2.2.2 The concept of market orientation (MO)

Market orientation is defined by different researcher in their own view such as according to (Kohli & Jaworski, 1990), market orientation is the complete implementation of the marketing concept.
Further, market orientation (MO) is a business technique which emphasizes to measure and meet the hidden and stated needs of various consumers. MO is explained as the generation of market intelligence that is composed of information related to customer’s current & future needs and exogenous factors which affect on those needs and wants (Kohli & Jaworski, 1990).

Market orientation is considered as culture of the organization based on three behavioral components; ‘customer orientation’, ‘competitor orientation’ as well as inter-functional coordination to (Slater & Narver, 1994). Market orientation (MO) is defined as organization-wide generation of market dissemination of the intelligence across various departments & organization-wide responsiveness (Kohli & Jaworski, 1990). Further, market orientation is the culture that effectively creates superior value for the customers (Narver & Slater, 1990). Market orientation is considered as a degree where different management systems of an organization are designed in a market-oriented (Becker, 1999). Market Orientation in conceptual point of view considered in three different perspectives; ‘culture’, ‘behavioral’ and ‘system based perspectives’ (Becker, 1999). Market orientation also has been conceptualized from both perspectives such as cultural and behavioral perspective (Homburg & Pflesser, 2000).

Different schools of thoughts have defined the concept of MO (Market Orientation) in different ways including; (Kohli & Jaworski, 1990), cultural based behavioral perspective (Narver & Slater, 1990), (Slater & Narver, 1994), (Becker, 1999), (Shapiro, 1988), (Deshpand, et al., 1993), (Ruekert, 1992) whereas decision making perspective is defined by (Shapiro, 1988), market intelligence perspective (Kohli & Jaworski, 1990), (Narver & Slater, 1990) , strategic perspective (Ruekert, 1992), and customer orientation perspective (Deshpand, et al., 1993)
Among all of these schools of thoughts (Deshpand, et al., 1993; Narver & Slater, 1990) are cultural focus and (Kohli & Jaworski, 1990; Ruekert, 1992; Shapiro, 1988) are managerial focus” (Sheppard).

2.3- Business typologies

2.3.1- Miles and snow business typology

The typology of Miles & Snow presented in 1978. Since its publication in 1978, Miles & Snow’s Organizational Strategy based on; Structure & Process (Miles & Snow, 1978) and had sufficient influence in the field of strategic management & organization theory (Hambrick, 1983). Several researchers have cited this book over 1100 times. According to (Miles & Snow, 1978) structure of the organization, organizational strategy and process have enough affect on strategic management & organization theory (Hambrick, 1983). There are 2 diverse approaches toward business strategy that is identified from literature (Mansfield & Warner, 1997). This approach is based on two aspects; one is to determine the numbers of components of strategy including objectives, goals and identification of competitive advantages and secondly; approach is known as “generic strategy” where Strategy typology approach is more relevant if one’s interest is to examine business strategies as industry level.

The business typology of Miles & Snow is based on four different parts such as Defender, Prospector, Analyzers as well as Reactors (Gimenez, 1999)
First element is the defenders that express organizational narrow product-market domains & top managers and this type of organization; managers are highly expert in their organizational limited area of operation but, they don’t tend to search for new opportunities outside the domains. In result of narrow focus, these organizations rare need to make major adjustments in technology, structure and operational methods. Secondly, prospector organizations are those organizations that continually search for market opportunities & they regularly experiment with potential responses to the trends of emerging environment. Such kinds of firms are often the creators of change & uncertainty to which its competitors respond. However, because of their strong concern for product and market innovation, these organizations usually are not entirely efficient as comparatively to the other organization.

Lastly and thirdly, analyzers are those firms that operate in two types of different product with respected to market domain including; one relatively stable and changing environment. Organizations operate routinely in stable areas & efficiently through use of formalized processes and structures. Lastly, Reactors are those firms where top managers perceive change frequently & uncertainty occurs in organizational environment but are not able to respond effectively. Because, these type of organization have lacks of consistent
strategy-structure relationship and these organizations rarely makes adjustment of any sort until forced to do so by environmental pressures (Miles, et al., 1978).

2.3.2- Porter’s business typology

The typology of Porter is based on three generic strategies; cost leadership, differentiation strategy and focus strategy,

![Diagram: Porter's Typology (1998)](image)

(Figure 3: Porter’s Typology (1998))

There are three major strategies of Porter which describe the main generic strategy including three aspects such as differentiation, focus and cost leadership strategy where differentiation strategy explains the aim of the organization to develop unique product in market for the different segments of customer. Cost leadership strategy means the lowest cost in the industry where organization tries to provide a good quality product on low cost. The cost leadership is often driven by company efficiency, size, scale, scope and cumulative experience. This strategy aims to develop scale of production, well defined scope where as focus strategy describes the scope over which the company should compete based on cost leadership or differentiation.

Moreover, Porter business typology explained; a firm may follow three generic strategies such as cost leadership, differentiation and a focus strategy as discussed earlier and according to (Abell, 1980) there are three classifications of generic strategies; differentiated strategy, undifferentiated strategy & focus strategy. Moreover, according to researcher business typology is classified firms into four groups e.g. defenders, prospectors, analyzers and reactors (Miles, et al., 1978). Further, all these classifications are based on three major issues and problems which described that how a firm can respond and solve all these three problems; administrative, entrepreneurial and engineering problems. Entrepreneurial problems defines firm’s product in the domain of market, engineering issues explain technological
choice & the process to distribution and production. Lastly, administrative issue involves formulization, innovation and rationalization of firm’s structure and the process of its policy (Miles, et al., 1978). But, The research paper intends to study the relationship between Miles & Snow business strategy typology and market orientation, either the firms that use Miles & Snow business typology are more market oriented than organization that don’t adopt the business typology of Miles & Snow.

2.3.3- Abbel’s Typology

Abdel typology is based on three strategies such as differentiate strategy, undifferentiated strategy and focus strategy; (Figure 4: Abbel’s Typology (1980))

Firstly, differentiated strategy is basic strategy to gain competitive strategy that help organizations to distinguish itself in the market and to gain competitive edge. Secondly, differentiated strategy is strategy which focuses on differentiation product by offering unique product in market to capture the attention of consumers. In essence, companies can either compete to become the low-cost provider in an industry or take advantage of one of the many possible ways to differentiate themselves from competitors to boost businesses. Furthermore, focus strategy in which organization concentrate on its various resources. Focus strategy is one of three generic marketing strategies. In focus strategy a firm focuses on specific segment and develop product accordingly to satisfy the needs and want of that specific target market.

2.3.4- Market oriented Firms

Further, Market orientation concept is very broader & defined by different researcher. Literature review helps to define the concept of market orientation (MO). According to researcher organizational success depends upon the extent in which it adopts marketing concept (Kohli & Jaworski, 1990; Narver & Slater, 1990). Market orientation may have weak or strong affect on business performance, depends on environmental conditions such as competitive intensity and market turbulence.
According to different researchers market orientation (MO) is have highly significant relationship with performance of organizations (Harris & Ogbonna, 2001; Jaworski & Kohli, 1993; Kirca, Jayachandran, & Bearden, 2005; Langerak, 2003; Ruekert, 1992; Shoham & Rose, 2001; Slater & Narver, 2000; Webster, 1988). Market orientation is positively linked to profitability of the firm and also help to increase the sales and revenue with employee satisfaction (Slater & Narver, 1994). MO increases customer service & retention (Slater & Narver, 1994) and overall levels performance of the organization (Jaworski & Kohli, 1993).

Further, literature shows market orientation leads towards high innovation & corporate success (Helfert, et al., 2001). Market orientation has significantly positive effect on organizational performance (Kohli & Jaworski, 1990). However, on other side researcher reported non-significant and negative effects of MO on organizational performance (Bhuian, 1997; Sandvik & Sandvik, 2003). After depth literature review this study collected a new model based on outcomes of market orientation to identify business typology having good impact on market orientation.

2.3.5- Some major outcome of market orientation & business typologies

- Environmental Conditions (Houston, 1986).
- Increase Market Share (Narver & Slater, 1990)
- Customer Retention (Narver & Slater, 1990)
- Leads Higher Innovation (Helfert, Ritter, & Walter, 2001; Thompson, 2000).
- Higher Customer Satisfaction (Narver & Slater, 1990)

- Generic Strategies of Michael Porter (Differentiation, cost leadership and Focus Strategy) (Porter, 1998)
- Miles & Snow business typology (Defender, Prospector, Analyzer and reactor) (Miles & Snow, 1978)
- Abell’s business typology (Differentiated, Undifferentiated and Focus Strategy) (Abell, 1980)
After extensive literature review; some outcomes of market orientation (MO) are being selected to check affect of different typologies on Market orientation. By doing so, this research will able to conclude that which business typology is more market oriented & which is less market oriented that actual aim of this research. With help of literature related to typologies and MO, successful organizations can be viewed as those organizations that are most efficiently interact with their environments. To bring change with environmental condition is damn necessary for the organizations to compete in competitive environment. The responsibility for this environmental contact typically is within the domain of marketing and the development of appropriate marketing strategies (McDaniel & Kolari, 1987). It is a useful theoretical framework or analyzing the ways in which firms interact to environment & subsequent strategies of marketing that organizations adopt (Miles, et al., 1978). Organization following ‘prospector’ strategy is a highly innovative organization; constantly seeking out new markets & new opportunities. Further prospectors organizations are oriented toward growth & risk taking (Isoherranen & Kess). According to (Isoherranen & Kess), defender strategy concentrates on protecting current markets, serving current customers and maintaining stable growth. It also maintains current markets & current customer satisfaction with moderate emphasis on innovation.

In market orientation there are five characteristics being taken e.g. environmental factors, innovativeness, market share, higher customer satisfaction and customer retention for analyzing that which business typology highly adopt the outcomes of MO comparatively to other business typology. The literature shows the positive relationship between (Miles, et al., 1978) typology and environmental forces, innovativeness and customer satisfaction. Its mean if the firms adopt Miles & Snow business typology then organization will be more market oriented comparatively to others organizations but not necessary will
be completely market oriented. There is lot of characteristics of MO defined by different researchers and schools of thought where Miles & Snow typology helps to catch higher characteristics of MO but not at all. But, the firms that adopt Miles & Snow business typology comparatively are more market oriented.

Michel Porter’s strategies are just based on three generic strategies e.g. differentiation, cost leadership and focus strategy where as the Abell’s typology is also based on three strategies such as differentiated, undifferentiated and focus strategy. But, Miles & Snow business typology widely adopt the various outcomes of MO including defender, prospector, analyzed and reactor that show the business typology of Miles & Snow is more market oriented comparatively to others that are less market oriented.

**4- Research Methodologies**

This study begin with the simple exploration through “Google search engine” putting keywords of ‘Market Orientation’, ‘Business Typology’, ‘Typologies concept’ to grasp & understand the basic information and terminologies. Specifically, diverse research papers are being searched from Emerald, JSTORE, Elsevier, web of science for detail literature review. Further, data collection proceeded from various articles downloaded from some other reliable sources of internet including Wikipedia & online libraries. Secondly, information is collected from renowned & relevant books. Along with all these diverse sources, 50 research papers are selected and then further 35 research papers having good impact factors are being short listed to accomplish this research work. Furthermore, for references APA 5th style is being used to court references of different studies of researchers in this position paper. The relationship between MO and Business strategy typologies are being analyzed in these papers.

**5- Discussion & Finding**

Different characteristics of market orientation are being collected after literature review to identify the relationship between business typologies and Market Orientation (MO) and it is identified that use business strategy typology of (Miles, et al., 1978) are highly market oriented comparatively from others. In this research paper, various outcome of market
orientation (MO) are identified to find relationship. All these are compared with different business typologies given above in Figure 4, to identify highly market oriented business typology. But, still it is not easy to say that firms that adopt business typology of Miles & Snow can be completely market oriented than those organizations which not adopt this typology because this typology also didn’t cover all aspects for being fully market oriented. The business typology of (Miles, et al., 1978) can be enhanced an organizational capabilities to be market oriented comparatively others typologies.

This research shows that the characteristics of market orientation e.g. environmental conditions, increase market share, customer retention, innovativeness as well as higher customer satisfaction are being selected to analyze the relationship with some most important business strategy typologies. Miles & Snow typology have higher relationship with the outcome of MO But among those characteristics not all factors are found in literature to have positive relationship with Miles & snow typology such as increase market share and customer retention. Some factors shows positive relationship on Business typology of Miles & Snow such as environmental conditions, leads higher innovative as well as higher customer satisfaction. Business typology of Miles & snow helps organizations to be innovative, customer satisfaction and managing the environmental changes. It is also identified that the firm that adopt Miles & Snow business typology are more market oriented comparatively from those who do not adopt. It is already approved by literature; there is no fully fit strategy for business to be successful. So, it depends upon the nature of business that what kind of strategy should be adopted that will leads a business towards successful and may help to compete in competitive environment.

5- CONCLUSION

It is concluded, there is relationship between business typologies and market orientation (MO) but, typology of Miles & Snow is more market oriented as compare to other business typologies presented by Michael Porter and Abbel etc. The business typology of Miles & snow has significant positive effect on an organization to be market orientated due to having higher positive outcomes of Market orientation. Miles & snow typology adopt such kind of business which is more innovative, brings
environmental changes and able to satisfy its customers need & wants etc. It is identified in literature, market oriented organizations are innovative, faced environmental issued and changes, competent, able to successfully implemented marketing concept etc. So, it is also concluded, the business typology of Miles & Snow is more market oriented having higher integrations of MO outcome as compare to others business typologies.

5.1- Limitations and Future Research

This research focuses only limited business typologies to get answer the research questions. Moreover, this research can be more productive for organizations after developing questionnaire for survey purpose to get feedback from organizational management to understand the scenario in depth in the context of different sectors & countries.

REFERENCES