

The Characteristics of Market Orientation the Case of Creative Fashion Industry in Bandung West Java

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Abstract

The growth and attractiveness of creative fashion industry in Bandung, West Java has escalated the competition level within industry. Facing the increasingly competition forced firms to seek ways to gain competitive advantage. Market orientation found to be an important determinant of business performance, since it could foster and enhance creativity throughout organization boundaries needed to innovate new ideas and products. It is then important for firms to understand its market orientation, and how to develop better implementation of it. This study aims to reveal and understand the characteristics of market orientation of creative fashion industry in Bandung, West Java. 160 owners and managers of SME in creative fashion industry in Bandung, West Java responded to this research questionnaire. This study revealed the characteristics of market orientation of creative fashion industry in Bandung, West Java, and also suggests how to improve the implementation of market orientation.

Keywords: Market Orientation, Resource-Based View, Creative Industry.

Introduction

The growth and attractiveness of an industry will logically increase the level of competition among firms within the industry. Growth and attractiveness lead to the attractiveness of return within an industry. Most firms in the industry will tend to increase their capacity in order to meet the increasingly demand. Furthermore, it will also attract new player to enter the industry. Both, the increasing capacity of firms in the industry and the new capacity brought by the new entrants will increase the capacity or supply of the industry to a level that exceed demand. As supply of an industry increased, the competition within firms in the industry consequently will escalated.

Creative fashion industry in Bandung, West Java have to deal with such condition of escalated competition among firms in the industry. The creative fashion industry in Bandung, West Java, is a small and medium size (SME) industry with high growth, Creativity is a key important factor that determined firm's success in this industry. However, since this industry is not involving sophisticated technologies, the innovation within this industry will be easily copied by other firms. Therefore, in order to sustain its position and its competitive advantage, firms should able to continuously creative and speed up its innovations (Saudi, 2018).

Previous research revealed that market orientation is one among important determinants of business performance (Narver & Slater, 1990; Kohli & Jaworski, 1990; Henri 2005; Brahmama & Christina, 2020). Brahmama and Christina found that market orientation significantly

influences marketing performance of creative fashion industry in Bandung, West Java. Previous studies argued that market orientation could enhanced firm's creativity that lead to innovation. Brahmama and Christina (2020) found out that market orientation determined marketing performance of creative fashion industry in Bandung, West Java through creatively adapting to the market changes by offering innovative fashion design and products. Since market orientation was found to be an important factor to increase firm's ability to creatively cope with the changes, it is then very important to understand how a firm could enhance its market orientation. Therefore, this study seeks to better understand the characteristics of market orientation of creative fashion industry in Bandung, West Java.

Theoretical Background

The Resource-Based View (RBV)

A logical consequence of the growth and the attractiveness of an industry will escalate the competition among firms within an industry. The more attractive an industry is, and follows by its significant growth, the more intense will the competition in that industry. As a consequence, firms would try to seek and develop strategies increase their competitiveness in order to survive and even win the competition if possible.

Resource-Based View (RBV) is one of most adapted view or approach used in strategic management. RBV argued that firm's unique resources would be an advantage, since the resources could create capabilities that firms need create new ideas (Wernerfelt, 1984). The basic idea of RBV is based on the principle that the ability of firm to compete is basically depends on a function of the uniqueness and the values of their resources that lead to their capabilities. The RBV assumed that capabilities are the main source to build sustainable competitive advantage (Henry, 2005). Wernerfelt (1984) argued that capabilities are resources that not easy to explain since these assets are intangible, even often called as invisible assets. Capabilities are a tacit combination of individual or group skill in the organization (Henry, 2005; Hult et al., 2002; Barney, 1991).

Ever since 1993, the RBV of the firms have been developed and becomes more and more important and influential concept of firm's competitiveness and also becomes a standard theory in strategic management (Hoop et al., 2003; Henry, 2006; Barney et al., 2001), and recently adopted in marketing research field (Vazques-Casielles, 2005). RBV focus on resources, which refers to those assets that are tied semi-permanently to the firm. RBV stated that resources that provide strength and ability to build firm's competitive advantage capability, which are known as advantage-generating resources should be well understood (Wernerfelt, 1984; Barney, 1991). One of the most important intangible assets that a firm could have and develops is culture. Market orientation is one of the cultures that could lead to the creation of firm's capability.

Market Orientation

Narver and Slater (1990) argued that market orientation when implemented properly would become a culture within a firm. As a culture, market orientation would become a firm's capability that could lead and creates firm' sustainable competitiveness (Henry, 2005; Hurley et al., 2005; Narver & Slater, 1990). As a culture, market orientation consists of three dimensions, namely:

- customer orientation: which involves understanding current and future customer needs in order to create superior value;

- competitor orientation: involves acquiring information about existing and potential competitors, their strength and weaknesses, and their long-term capabilities in order to compete effectively;
- inter-functional coordination: concerns with the coordination of company resources in creating superior value for the customers, so every function is important, and play a role in customer value creation.

Market orientation accomplish three things, namely: first, efforts to obtain what is needed by consumers, both expressed and latent needs; second, efforts to win competition by understanding competitors; and third, efforts to create coordination between functions in firm, aimed at generating synergy of firm's resources. It is obvious then, that in each component of market orientation, continuous innovation implicitly is the core of market orientation implementation (Narver & Slater, 1990). A good market orientation implementation will enable firm to understand its customers, its competitors, and its environments, and this understanding will enable firm to deploy its resources aim to generate innovations used as a tool to deliver value and benefit to customer better than its competitors.

Narver and Slater (1990) argued that market orientation is an organizational culture. As a culture, market orientation meets RBV criteria of unique and valuable resources. Firm's resources that that are unique and valuable could increase firm's cultural competitiveness (Barney, 1991).

Based on the above discussion the hypothesis (descriptive) of this research is:

H: Market orientation of creative fashion industry in Bandung, West Java is relatively well implemented

Methodology

This research measured the perception of creative fashion SME owner or managers on their practices on firm's market orientation. The unit of analysis is organization. Creative fashion industry in Bandung, West Java consists of around 1,000 SME in total. This research sent 250 questionnaires, and returned 160 questionnaires that used for further analysis.

In Narver and Slater (1990), sixteen items MKTOR scale adapted for measuring the practices of market orientation of creative fashion industry in Bandung, West Java.

Results and Discussion

250 questionnaires were sent by email to owners or managers of creative fashion SME in Bandung, West Java using Google Form format. 160 questionnaires returned and using for further analysis. The response rate of this research is 64 percent. The questionnaires using top tap the 16 item MKTOR Scale were designed using 5-point Likert Type scale. Cronbach's Alpha is used to test the reliability of the scale, and Pearson Product Moment Correlation is used to test the validity of the scale. The result of goodness of measures of the scale is presented in Table 1 and Table 2 below. Table 1 shows that the scale is found reliable. Table 2 shows the result of validity testing. The validity test revealed that one among the 16 items of market orientation is found to be not valid, since the r value is .382 and significance level is .063 that exceed 5 percent. The invalid item is item number 1 or MO1.

Table 1. Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.959	.961	16

Table 2. Validity Test

Item	r	Sig.
MO1	.382	.063
MO2	.591	.000
MO3	.629	.000
MO4	.707	.000
MO5	.694	.000
MO6	.576	.000
MO7	.748	.000
MO8	.638	.000
MO9	.588	.000
MO10	.634	.000
MO11	.575	.000
MO12	.619	.000
MO13	.505	.000
MO14	.570	.000
MO15	.549	.000
MO16	.664	.000

To test the descriptive research hypothesis, this research used average score interval as a criterion, as presented in Table 3.

Table 3. Average Scores Interval

No.	Average Interval	Criteria	
1	1,00 – 1,79	Strongly Disagree	Very Poor Implemented
2	1,80 – 2,59	Disagree	Poor Implemented
3	2,60 – 3,39	Neutral	Somehow Well Implemented
4	3,40 – 4,19	Agree	Well Implemented
5	4,20 – 5,00	Strongly Agree	Very well Implemented

Table 4. Descriptive Data

Dimension	Items	Mean	
		Statistic	Std. Error
	Our business objectives are driven primarily by customer's satisfaction.	3.8063	.06111

Customer Orientation	Our strategy for competitive advantage is based on our understanding of customer's needs.	3.8313	.06157
	Our business strategies are driven by our beliefs about how we can create greater value for customers.	3.3125	.05894
	We measure customers satisfaction systematically.	3.6438	.06656
	We measure customer satisfaction frequently.	3.8625	.05847
Competitor Orientation	We rapidly respond to competitive actions that threaten this firm.	3.6750	.06304
	Our people regularly share information within our organization concerning competitors' strategies.	3.7250	.06075
	Top management regularly discusses competitors' strengths.	3.8250	.06241
	Top management regularly discusses competitors' strategies.	3.8438	.06178
	We target customers where we have an opportunity for competitive advantage.	3.8125	.06281
Inter-Functional Coordination	All our business functions are integrated in serving the needs of our target customers.	3.6625	.06628
	All our business functions in this firm are responsive to each other's needs.	3.7313	.06189
	Our top management from every function regularly visit our current customers.	3.7438	.05898
	Our top managers from every function regularly visit our prospective customers.	3.6875	.06466
	Our managers understand how everyone in this firm can contribute to creating customer value.	3.8875	.05745
Total Score		65.0503	
Average Total Score		3.7367	

The average total score of descriptive data of market orientation of creative fashion industry is 3.7367 which fall into the range interval of well implemented. Data shows that overall, the overall average score concluded that the implementation of market orientation in creative fashion industry is relatively well. This result will be justified that this research hypothesis is descriptively accepted. Although the hypothesis is accepted, the degree of market orientation implementation in creative fashion industry in Bandung, West Java is relatively marginal, and more work should be done to increase the magnitude of the implementation.

Table 4 presented the result of descriptive analysis of market orientation scale. Since item no 1 or MO1 is invalid, descriptive analysis is run for the rest 15 items of market orientation. Statistics mean values for the 15 items of market orientation ranges from 3.3125 to 3.8875. Market orientation scale was design with 5-point Likert Type Scale, ranges from strongly agree (5) to strongly disagree (1). Statistics mean value shows that all the 15 items of market orientation scale have mean value below 4 (agree). These statistics mean value revealed that market orientation is not yet well implemented in creative fashion industry in Bandung, West Java.

Creative fashion industry in Bandung, West Java is rapidly growth, and competition level is escalating. It is quite surprising, given the nature of this industry where the competition level is escalating, theoretically the level or the implementation of market orientation should have been high, however, this research found that the level or the implementation of market orientation within this industry is marginally low. Market orientation is best implemented in an industry where the competition is high and turbulence.

Item that has the lowest statistics mean value is item no 4 which the statement is: "Our business strategies are driven by our beliefs about how we can create greater value for customers". This item relates to customer orientation dimension, which measure to what extent is firms' strategy focus on creating superior values to customers through the understanding of customers wants and needs. The result for this item revealed that firms in creative fashion industry in Bandung, West Java is not yet considered this issue as an important factor. This is all true for the rest of the items of market orientation scale.

The contradiction in the result of this study as compared to the theory of market orientation might be explained as follows:

1. it seems that firms in this industry generally implement a me-too strategy by market products that produced by major player in the industry;
2. the demand for this industry products is still quite high, and exceeds the industrial capacity;
3. this industry does not involve sophisticated technology, and the cost to enter this industry is also relatively low, hence the firms is not exposed to high risks;
4. easy to exit the industry.

However, despite this research finding, firms in creative fashion industry should give more focus in implementing market orientation. Well implemented market orientation will give firms advantages in dealing with future industrial changes.

Conclusion

The objective of this research is to revealed and understand characteristics of market orientation of creative fashion industry in Bandung, West Java. Previous studies found that market orientation have significant influence on firms' performance. It is then important for firms in certain industry to have insight and understand the characteristics of market orientation of their industry. Although this research finding is quite in contrary with what the theory supposed to, it is still arguably that firms in creative fashion industry in Bandung, West Java should give more focus on how to better implementing market orientation in order to maintain its position within the industry, and furthermore, to achieved sustainable competitive advantage.

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