Consumer Market Orientation: Measurement and Prediction in a Developed and a Transitional Economy

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Consumer Market Orientation: Measurement and Prediction in a Developed and a Transitioning Economy  Simona Stan, University of Oregon David Boush, University of Oregon Carmen Barb, Sibiu University Helder Sebastiao, University of Oregon Consumer Market Orientation: Measurement and Prediction in a Developed and a Transitioning Economy  Abstract A market economy can give consumers many benefits: better products, greater choice, more competitive prices. Consumers in transition economies may have particular difficulties that affect their ability to reward firms that provide market-oriented benefits. These include doubts about marketplace signals and their own ability to make intelligent choices. The current study introduces a new concept: “consumer market orientation”, i.e., behavior oriented toward improving and rewarding marketers’ market orientation. Survey results from the US and Romania are reported for a model involving consumer market orientation. Marketplace self-efficacy and social interdependence emerged as the most consistent predictors of consumer market-oriented behaviors.

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EXTENDED ABSTRACT

Problem

The marketplace in countries transitioning from former socialist regimes to free market economies is characterized by continuous change, uncertainty, and much consumer and seller frustration (Lascu et al. 1993). Consumers need to find ways to cope with increasing complexities and inconsistencies in the market. Despite these difficulties, a market economy has the potential to improve consumer welfare in a variety of ways. As an economy becomes more market oriented, we would expect consumers to see greater product assortment, more price competition, greater use of mass media advertising, and more competitive service.

However, a key assumption for an economy to move toward a market orientation is that consumers can identify and will reward such an orientation. This may be difficult in transitioning economies either because consumers lack the necessary attitudes and skills, or because the institutional framework does not support such actions. Consumers need to be able to recognize and buy products of higher quality or with better value propositions. They need to be able to evaluate the credibility of advertising claims and to patronize retailers offering better service. Therefore, we introduce and investigate a new concept: “consumer market orientation” i.e., behavior oriented toward improving and rewarding marketers’ market orientation. We believe that both consumers and firms must possess market orientations to achieve a successful, sustainable transition to a market economy.

Romania is a good example of an economy still in transition. Romania’s restructuring lagged the rest of Eastern Europe and it remains one of the poorest countries in the region. To better understand consumer responses to the marketplace in Romania seven in-depth interviews were conducted with ten Romanians. Generally the interviews suggested that consumers in transition economies face resource constraints and lack certain consumer skills, such as the ability to accurately evaluate price and quality. These erode the ability to reward marketers for communicating and providing superior value.

Conceptualization

Based on the interviews and an examination of the literature we propose a model using consumer values, resources, and expectancies to predict market-oriented consumer behaviors. The consumer values included in the model are social interdependence (Triandis, McCuster and Hui 1990) and materialism (Moschis 1981). Social interdependence refers to the presence and importance of close personal relationships. Materialism is the extent to which a person values physical possessions. Resources are time and money, while expectancies relate to marketplace risk, action-outcome expectancies, and perceived marketplace self-efficacy (Bandura 1997) and are described below.

Marketplace Risk. Consumer actions in the marketplace only matter if different outcomes are possible: getting a better product, getting a better deal, avoiding a scam. The range of possible outcomes represents marketplace risk.

Action-Outcome Expectancies. Consistent expectations about what happens when you act a certain way are at the heart of making sense of the world. Action-outcome expectancies involve rewards that flow from personal action and are sometimes called “response efficacy” (Block and Keller 1997). These expectancies involve beliefs about the relationship between customer actions and marketplace rewards. They are categorized in our model as collective expectancies (e.g., if people complained more, then service would improve) and individual expectancies for themselves (e.g., if I complain I might get my money back).

Perceived Marketplace Self-Efficacy. Even if you believe that a particular action leads to a particular outcome, you may not believe you can execute the action yourself. Self-efficacy refers to people’s beliefs in their own capabilities to perform actions that affect desired outcomes. In the marketplace this might involve skills in evaluating information, such as advertising, comparing alternatives, or accurately judging the relationship between price and quality.

Market-oriented behaviors such as demonstrating good customer service or high product quality can be rewarded by loyalty to the firm and generating positive word of mouth. Conversely, consumers can punish a firm for behavior such as deceptive advertising, price-gouging, or shoddy products. Switching and complaining are the main punishments. In addition to behavior that rewards or punishes specific firm behavior, consumers can engage in behavior that is either helpful or harmful to the market (i.e., that either aids or hinders the ability of marketers to offer better customer value). Helpful behaviors include things like offering ideas for new products or taking the time to participate in market research. Harmful behaviors include things like switching price tags or returning damaged merchandise when the consumer caused the damage.

Method

Scale items measuring the constructs described above were both adapted from previous and or created specifically for this study. A survey containing these measures was administered to participants in the US and Romania. US participants were 209 students enrolled in business classes at the University of Oregon. Romanian participants were 232 students enrolled in business classes at Sibiu University. Principal components and reliability analyses were used to assess dimensionality and reduce the number of items in each scale. Coefficient alphas across both samples indicated acceptable scale reliability.

Results

The most important factor for Romanian consumers is perceived self-efficacy in the marketplace. Overall, Romanians are more likely to engage in reward (positive WOM and loyalty) and punishment behaviors (switching and complaining) versus specific marketers if they have higher levels of self-efficacy. In addition, self-efficacy has three moderating effects which suggest that Romanians who have low levels of self-efficacy and perceive high levels of marketplace risk are more likely to reward good marketing.
and behaviors and punish bad ones. For US consumers, self-efficacy is a less important factor in exhibiting a consumer market orientation. Both Romanian and US respondents are most likely to engage in helpful behaviors (e.g., participating in marketing research) if they believe that consumers collectively have the power to improve the marketplace. Finally, a consumer’s sense of social interdependence has a pervasive positive effect on all types of market-oriented behaviors. Both Romanian and US consumers expressing high levels of social interdependence are more likely to engage in market-helpful behaviors and are less likely to engage in market-harmful behaviors.

References