



IMPACT OF MARKETING PLANNING AND MARKETING ORIENTATION ON BUSINESS PERFORMANCE: A CASE OF RETAIL INDUSTRY OF JORDAN

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Abstract

Aim: This paper evaluates the impact of marketing orientation and planning on business performance by considering the moderating role of market and technology turbulence with respect to the retail sector of Jordan.

Method: This research paper has employed a quantitative research design has been employed to obtain data and analyse it using suitable statistical techniques. A Likert-scale based research tool has been used which included close-ended questions to be ranked on an ordinal basis. A sample size of 356 participants including managers and employees from different retail businesses in Jordan has been selected. Smart PLS is the statistical software used for this research paper where structural equation modeling (SEM) has been applied

Findings: The results of this research paper indicated that market orientation has a significant impact on the business performance of retail business in Jordan however, market planning was not found to be statistically significant in terms of its impact on business performance. The results indicated that market and technology turbulence have a significant relationship with business performance however, its moderation was found to be insignificant.

Key Terms: Market planning, market orientation, business performance, performance, market turbulence, technology turbulence, market and technology turbulence, retail sector, Jordan

Introduction

The growing complexities and uncertainties in the business environment have forced the marketers to adopt more focused approach for attaining their certain marketing objectives (Chu, Wang and Lado, 2016). In this regard, the concepts of marketing orientation and marketing planning has emerged as two of the most important aspects that plays a major role in accomplishing desire business objectives. The literature on marketing planning and marketing orientation is rich, as it has been widely studied in the existing body of literature; however, with respect to its impact on business performance there is found to be an inconclusiveness in the existing literature. Hence, one of the main purpose of this study is to examine the impact of marketing orientation and marketing planning on business performance. According to Yu (2019), the marketing planning are commonly developed on the basis of particular external market situations that company is facing, and also while keeping in mind the internal capabilities of the organisation. In this regard, the marketing plans are developed to support the business objectives of the organisation, and also prepared to support the systematic measurement of particular goals that are set by organisation. Therefore,

having a clear understanding of market situation is highly important for making effective marketing planning.

The concepts of market planning and market orientation are distinct from each other, however both of these concepts are considered to be interlinked or related with each other to some degree. As mentioned in the study of Hollensen (2018), marketing planning is recognised as a process, whereas the concept of market orientation is associated with the organisation strategy. Moreover, the effectiveness of marketing planning is likely to be more subjected to organisation market orientation strategy. However, there is no conclusive evidence regarding how both of these aspects contributes towards enhancing business performance. Particularly, in the context of retail industry of Jordan, there is found to be a lack of evidence with respect to the research topic. Hence, the main rationale of this research is to fill this research gap to make a valuable contribution in existing literature. The study of Hijjawi and Mohammad (2019), identifies high environment and technological turbulence in the corporate environment of Jordan, which exposed the companies towards high risk of losing business competitiveness in the market. Hence, it is imperative to determine the role of market orientation and marketing planning on organisation performance. In this regard, another main objective of this research is to assess how market and technological turbulence moderates the impact of marketing planning and marketing orientation on business performance.

Literature Review

The concepts of marketing orientation and marketing planning have been widely studied in the existing literature. As per the study carried out by Marjanova, Temjanovski and Jovanovska (2016), marketing planning refers to a managerial process, which facilitates the concentration of marketing functions on its competences and the appropriateness of marketing objectives. On the other hand, in accordance with the study of Aremu, Gbadeyan and Aremu (2016), the concept of marketing planning can be understand as a set of activities and techniques that supports the organisation in accomplishing a suitable alignment of internal capabilities and external environment to attain desired business goals. The concept of marketing planning is also recognised as a behavioural phenomenon as it also composed of the technology adoption (Phillips and Moutinho, 2019). As per the same study, most of the advocates of marketing planning have claimed that the adaptation of marketing planning technologies makes the business decision making process more rationale, comprehensive and objective based, which eventually leads towards more appropriate allocation of resources and enhanced overall performance of the organisation.

According to Joensuu-Salo, Sorama and Kettunen (2018), the process of marketing planning demands an organisation to adopt a more disciplined approach towards a purposeful and orderly management of marketing. As per the same study, there are also found to have some negative aspects that are linked with marketing planning, as some time it involves some sort of dictated strategies and process restrictions from the top management or from the corporate planning authorities without providing a clear implementation direction. The study conducted by Hollensen and Opresnik (2019), has found a significant association between marketing planning and business performance, as effective marketing planning tends to improve different aspects of organisational performance. On the other hand, as per the general view the effectiveness of marketing planning is considered to be associated with the concept of marketing orientation.

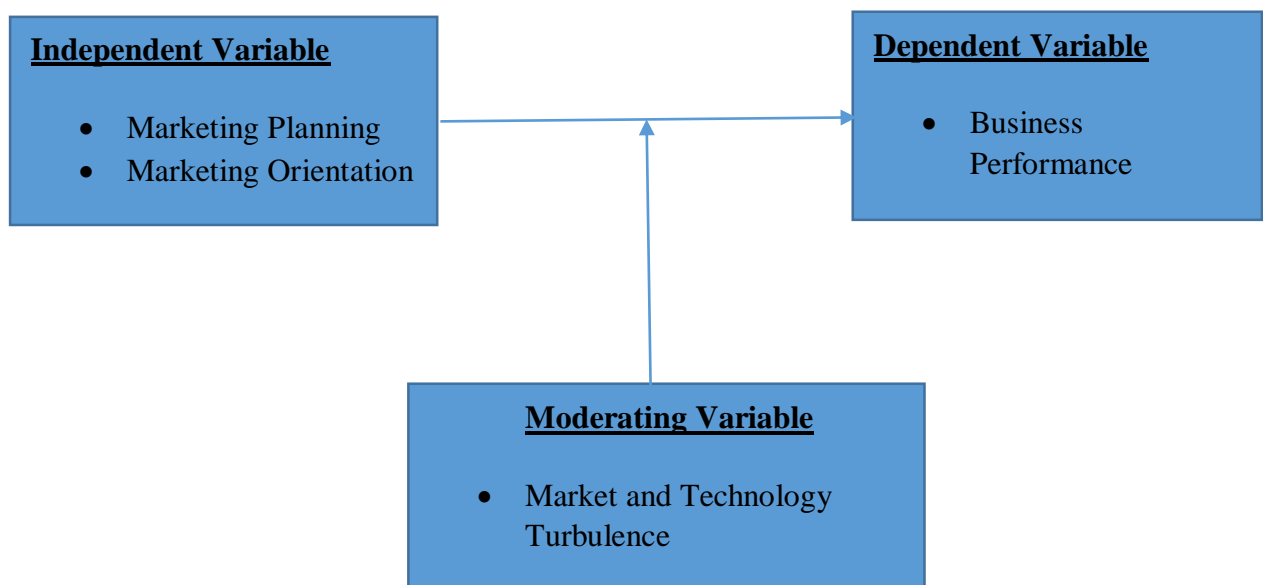
The notion of marketing orientation is viewed as a business approach that prioritises recognising the desires and needs of target customers, and design their offerings to satisfy those identified needs (Mahmoud et al., 2016). The same study argues that organisations are required to conduct market orientation before considering forming marketing planning as a way to react to market dynamics. According to Milani and Salavati (2018), there are certain factors that are responsible for forming suitable environment for making marketing orientation as an integral part of any organisation, which includes commitment of top management towards market orientation, interdepartmental connectedness and conflicts, top managers risk aversion, orientation of reward system, centralisation, and commitment of employees towards the organisation. On the other hand, the study conducted by Andotra and Gupta (2016), recognises marketing orientation as a dominant culture of the organisation that supports the continuous value creation of customer. Apart from that, the concept of market and technology turbulence is regarded as one of the important determinant of marketing orientation, which refers to the dramatic change in the way companies carries out their productions and introduce new products (Pillai and Goldsmith, 2015). As per the same study, the market and technology turbulence tends to make a negative impact on marketing orientation, as it makes it difficult for marketers to analyse customers' needs in fast changing market dynamics. Similarly, according to Imran, Aziz and Hamid (2016), the technological and market turbulence plays a decisive role

in maintaining the effectiveness of company's marketing orientation, which eventually defines the effectiveness of company's marketing planning. Therefore, companies are required to be more proactive and responsive in their approach towards the marketing orientation in order to overcome the issues of market and technological turbulence.

Theoretical and Conceptual Framework

The theory of resource-based view of the organisations (RBV), implies that in order to accomplish key organisational goals, it is essential for organisations to must structure their internal capabilities with the external environment (Alexy et al., 2018). The adequate combination of productive resources can allow the organisations to effectively operates with in a particular market, and for the certain form of values the company is looking to create. Moreover, the resource based view of the firm also implies that organisations can achieve and maintain their competitive edge in the market by creating valuable capabilities and resources that are considerably inelastic in supply (Miller, 2019). According to Burvill, Jones-Evans and Rowlands (2018), the theory of resource based view of firm holds the view that to achieve the desire business performance, the organisations are required to develop and manage a right mix of resources. In the context of this study, both marketing planning technique and market orientation can be viewed as the important intangible sources of the organisation. As mentioned in the study of Ata, Zehir and Zehir (2018), market orientation is more associated with the organisational culture as it is rooted in the organisation through developing cultural norms and value system to produce high value for customers. On the other hand, the process of marketing planning refers represents the overall efforts of the organisation to analyse its capabilities, and design some achievable goals and form operational strategies. Hence, both of these aspects can be viewed as important intangible source of the company, which can be used to enhance business performance.

With respect to the key aim of this research, the following conceptual framework is developed in which all the major variable of the study are highlighted. As mentioned in the below presented framework, the key independent variable of this research are marketing planning, and marketing orientation. The impact of both of these independent variables has been assessed on dependent variables, which is business performance. Apart from that, the incorporation of moderating variable has also made in this study, which is market and technology turbulence. Hence, this study has also investigated how the market and technology turbulence can moderates the effect of marketing planning and marketing orientation on business performance within the context of retail industry of Jordan.



Method and Research Approach

In this research paper, a quantitative research design has been employed to obtain data and analyse it using suitable statistical techniques. A Likert-scale based research tool has been used which included close-ended questions to be ranked on an ordinal basis. A sample size of 356 participants including managers and employees from different retail businesses in Jordan has been selected. Smart PLS is the statistical software used for this research paper where structural equation modeling (SEM) has been applied. Confirmatory factor analysis was used for determining the reliability and validity of the constructs. Moreover, path analysis is also included to explain the relationship between the independent and dependent variables along with the role of moderating variable.

Analysis and Results

Confirmatory Factor Analysis

Prior to testing the relationships and association among the variables of this research, it is important to determine that the constructs used in the research model to be tested are reliable and valid or not. For the purpose of authenticity, there are a number of different metrics that have been assessed to determine the validity and reliability. The first measure of confirmatory factor analysis is factor loadings which had to be higher than the value of 0.6 to showcase that the constructs are reliable (Lee, 1998). The table below has presented the factors loadings along with some other constructs for determining the validity and reliability of the variables and sub-variables:

Table 1: Confirmatory Factor Analysis, Source: Author (2020)

	Factor Loadings	Cronbach's Alpha	Composite Reliability	Average Extracted	Variance
BP 1	0.7655921 54	0.87574607 7	0.915152144	0.73023035	
BP 2	0.8673949 85				
BP 3	0.9087648 62				
BP 4	0.8698059 66				
M O1	0.8851762 84	0.80184620 1	0.884377962	0.719129261	
M O2	0.8849433 07				
M O3	0.7685870 63				
MP 1	0.8072425 84	0.72935326 1	0.84874944	0.655495026	
MP 2	0.9294349 99				
MP 3	0.6715616 67				
MT T1	0.9442681 74	0.77711046 1	0.824678886	0.616424342	
MT T2	0.6573308 46				

Based on the benchmark of factor loadings which is defined by the research conducted by Ahmad, Zulkurnain, and Khairushalimi (2016), the above table shows that for all the variables and its respective constructs, the factor loadings are reliable as all of the values are more than 0.6. Next, the cronbach's alpha has been computed for the variables to gauge the internal consistency of the scale used in the research instrument. The research conducted by Ndwiga et al. (2017) has considered 0.70 or higher values of this measure to be statistically reliable. This benchmark has also been used in this research paper. For all the four variables of this research, the values of Cronbach's alpha are higher than 0.70 thus proving the consistency within the scale. Similar to the above metric, composite reliability is also computed in statistics to measure the consistency of the scale items. In the SEM analysis, the values of composite reliability should exceed 0.7 as per Henseler et al. (2014). In the table above, each variable has a composite reliability greater than 0.80 which is higher than minimum value of 0.70. The last measure for reliability and validity of the variables is Average Variance Extracted (AVE) which shows the variance within a construct relative to the variance that is due to fallacy in measurement. The value above 0.70 for AVE is considered to be very good however, any value above 0.50 is also acceptable (Lee, 1998). For this model, all the variables have very good AVE since they are higher than 0.70. The following image shows the factor loadings for the model:

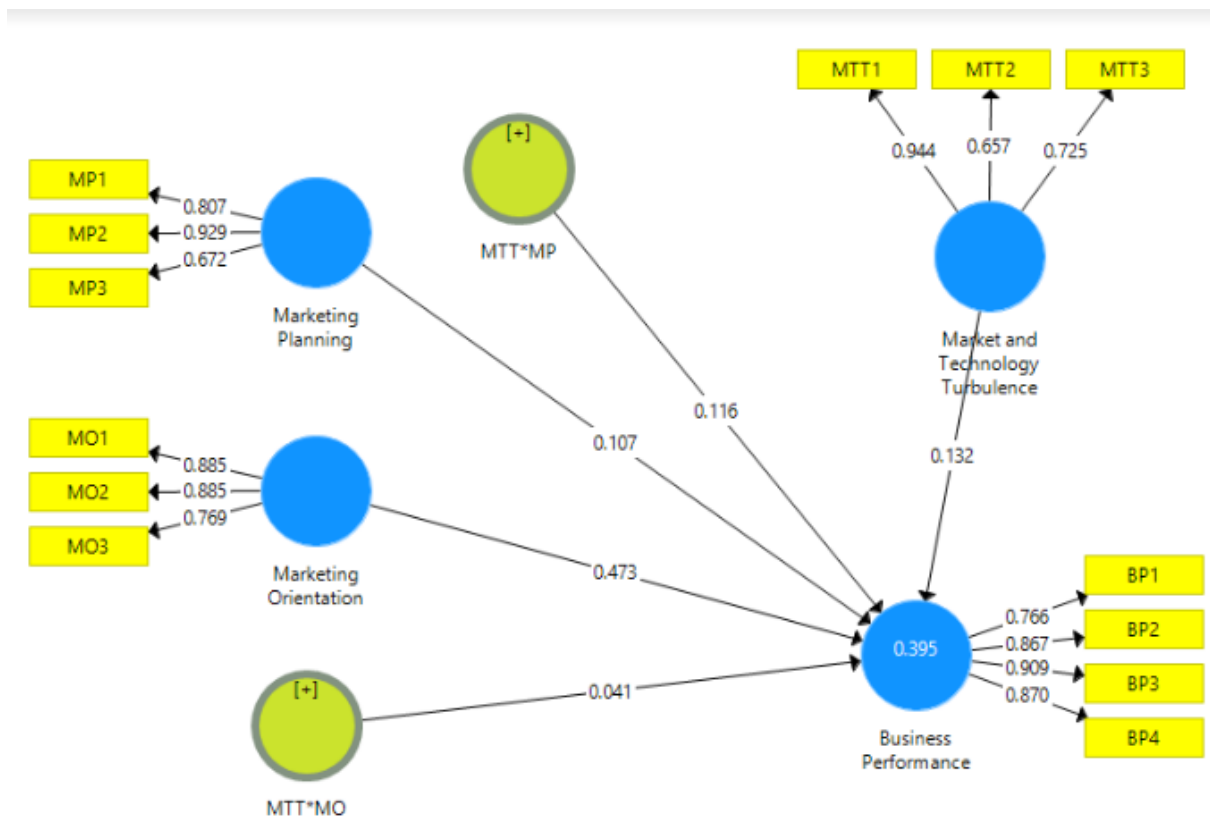


Figure 1: Research Model PLS, Author (2020)

Basic Model

This paper evaluates the impact of marketing orientation and planning on business performance by considering the moderating role of market and technology turbulence. The basic model of this paper relies on the values of R-square and adjusted R-square which have been computed for the purpose of determining the strength of predicting variables (marketing orientation and marketing planning) in explaining the changes and variances that occur in the criterion variable (business performance). The following table shows the results:

Table 2: Basic Model, Source: Author (2020)

	R Square	R Square Adjusted
Business Performance	0.394735734	0.386089101

The value of R-square and adjusted R-square have similar significance where the former explains the amount of variables explained by independent variables and the latter shows the same variance after being adjusted for other irrelevant factors in the model. As per the values given in Table 2, market orientation and planning can explain about 39.4% of the variances that are apparent in business performance. Moreover, 38.6% of the variance can be explained by the predictors after adjusting the model of inaccuracies.

Path Analysis

	Original Sample (O)	T Statistics (O/STDEV)	P Values
MTT*MO -> Business Performance	0.04182604 6	0.771257619	0.4407 36416
MTT*MP -> Business Performance	0.11656911 8	1.884675285	0.0597 63506
Market and Technology Turbulence -> Business Performance	0.13226310 4	2.731454031	0.0064 16555
Marketing Orientation -> Business Performance	0.47304120 3	8.916242413	5.6843 4E-14
Marketing Planning -> Business Performance	0.10685373 5	1.873135576	0.0613 4121

Table 3: Coefficients Analysis, Source: Author (2020)

The above table shows the relationships among the different variables of this model. Firstly, the impact of marketing orientation is considered upon business performance by considering the moderating effect of market and technology turbulence which is found to be statistically insignificant ($0.440 > \alpha$). Next is the impact of market planning is considered upon business performance by considering the moderating effect of market and technology turbulence which is found to be statistically insignificant ($0.059 > \alpha$). The next path studied is the impact of market and technology turbulence which is the moderating variable on business performance which is found to be statistically significant with reference to the p-value of 0.006. Individual impact of market orientation has been studied over business performance and it appears to be statistically acceptable due to the p-value of 0.000. On the other hand, marketing planning seems not to have a statistically acceptable impact on business performance in the retail sector of Jordan ($0.061 > \alpha$). The path analysis can also be visualised from the following images:

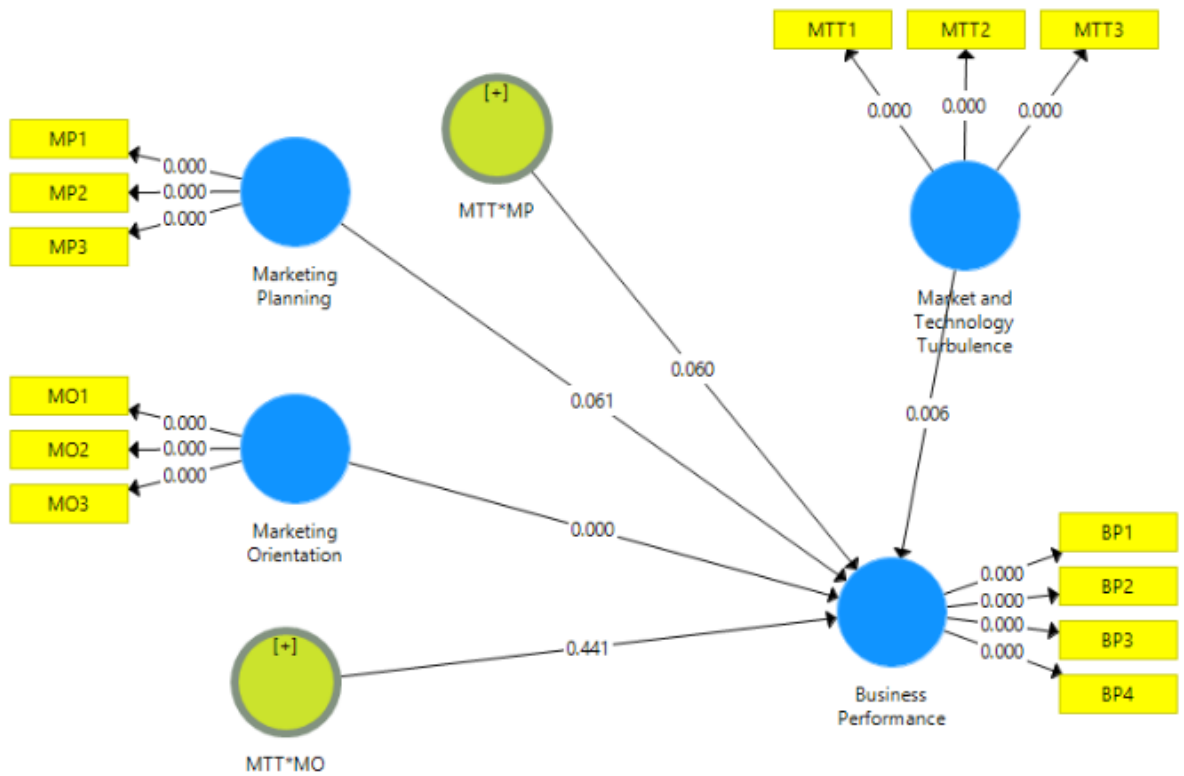


Figure 2: Research Model BTS- 1

Source: Author (2020)

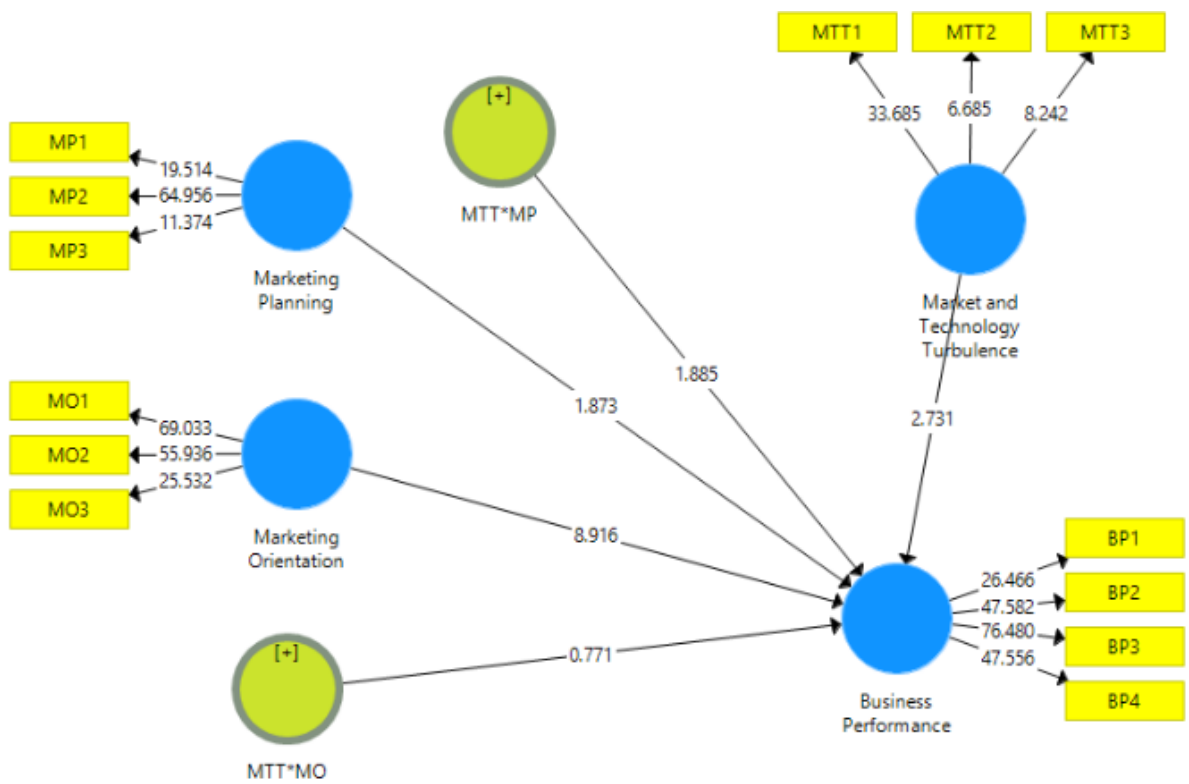


Figure 3: Research Model BTS- 2

Source: Author (2020)

Discussion

The key goal of this research has been to determine the impact of marketing planning and marketing orientation on the business performance. Apart from that, another main aim of this research was to assess how market and technology turbulence moderates the impact of market orientation and marketing planning on business performance. To accomplish research objectives, the extensive review of previous literature along with the analysis of primary data through different statistical test was conducted. The results of path assessment reveals the significant impact of both marketing planning and marketing orientation on business performance. Here it is important to mention that the scope of the overall finding of this research is limited to the retail industry of Jordan, as only those businesses that are operating in the retail industry of Jordan were assessed and investigated in this study. The outcomes of this research are also found to be consistent previous researches, in which the same results were identified. As study carried out by Trim and Lee (2019), identifies marketing planning is one of the important determinant of successful business performance, as it tends to assist the businesses in determining the things they actually required to gain financial and business related goals. Moreover, the same study identifies marketing planning as a useful way to manage day-to-day business activities, and making long and short-term goal clear to everyone.

The findings of previous studies also validates the significant impact of market orientation on business performance. According to Samarasinghe (2016), market orientation plays a crucial role in identifying the wants and needs of customers, and in keeping the business strategies aligned with market demand. This eventually leads towards enhancing overall performance of the business. On the other hand, the findings of the research also confirms that market and technology turbulence plays significant moderating role on the impact of marketing orientation and marketing planning on business performance. This is also validated from the study of Abbas and Ul Hassan (2017), according to which market and technology turbulence significantly affects company's marketing orientation and planning.

Conclusion

The overall discussion in this study portrays the huge significance of marketing orientation and marketing planning for achieving successful business performance. The purpose of this research was to investigate the impact of market orientation and marketing planning on business performance. For that purpose, primary data was collected from the retail industry of Jordan, which was analysed through different statistical techniques. The results of this research paper indicated that market orientation has a significant impact on the business performance of retail business in Jordan however, market planning was not found to be statistically significant in terms of its impact on business performance. The results indicated that market and technology turbulence have a significant relationship with business performance however, its moderation was found to be insignificant. Moreover, the outcomes of this research were also found to be validated from the previous studies, which ensures the authenticity and reliability of the overall research outcomes. Conclusively, businesses in the current market dynamics are required to display more proactive in their market orientation and planning approach, as it will enable them to overcome the challenges of market and technology turbulence.

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