

## **Applying Marketing Orientation in Commercial Banks: Case study of Jordan**

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**Abstract:** The ability to survive is one of the most important goals of business organizations recently, this requires the ability to communicate with the outside world and its changes so in order to achieve this communication; Marketing orientation concept emerged, which is has had a significant impact on how things are going in business organizations, because it focuses on examining the parties that could affect the organizations business and its goals. These parties are : the customer, competitor, and inter functional coordination in the organization, therefore, companies that apply the concept of market orientation remain abreast of the needs of its customers on the one hand ,and activates and movements of competitors on the other hand.

**Keywords:** Marketing; Orientation; Jordan

### **METHODOLOGY OF THE STUDY**

The ability to survive is one of the most important goals of business organizations recently, this requires the ability to communicate with the outside world and its changes so in order to achieve this communication; Marketing orientation concept emerged, which is has had a significant impact on how things are going in business organizations, because it focuses on examining the parties that could affect the organizations business and its goals. These parties are: the customer, competitor, and inter functional coordination in the organization, therefore, companies that apply the concept of market orientation remain abreast of the needs of its customers on the one hand ,and activates and movements of competitors on the other hand.

### **PROBLEM OF THE STUDY**

Problem of the study can be illustrated by the following questions:

- What is the marketing philosophy followed in Jordanian banks in Amman?
- are Jordanian commercial bank recognizes the importance of working for market-oriented philosophy and its benefits?
- Are banks realize the implications of the market trend in the performance of the banking business?
- Does the Jordanian commercial banks in Amman apply the marketing orientation in its banks?

### **IMPORTANCE OF THE STUDY**

The main goal of this paper is to investigate the practice of market orientation in commercial banks

of Jordan and focuses on delivering products designed according to customer desires, needs, and requirements.

### **AIMS OF THE STUDY**

The study aims to:

1. Diagnosis of the marketing philosophy adopted in the commercial banks in Amman.
2. Provide a philosophical conceptual framework for marketing orientation and its components.

### **HYPOTHESIS OF THE STUDY**

There are no significant differences in the sample answers towards market orientation components.

### **METHODS OF STATISTICAL ANALYSIS**

Use a range of Statistical tools such as, frequency, percentage, average, and standard deviations.

### **POPULATION OF THE STUDY**

The study sample includes the following banks:

1. Housing Bank.
2. Arab Bank
3. Cairo Amman Bank.
4. Bank of Jordan.
5. Jordan Islamic Bank.
6. Islamic International Arab Bank.
7. Jordan Ahli Bank.
8. Jordan Kuwait Bank.

It was distributed 106 questionnaires to the departments of these subsidiaries banks, the results was

that each of the Housing bank, Arab bank, Cairo and Jordan bank was occupied the largest share at a rate of (%69.8) due to the widespread of these subsidiaries banks in many areas in Jordan

## **THEORETICAL FRAMEWORK**

### **Market Orientation Concept**

Researchers have proposed varying definition of market orientation. However, although thinking of market orientation occurred more than four decades ago, the importance of the concept started from [1] who have offered a formal definition of market orientation as is a business model that focuses on delivering products designed according to customer desires, needs, and requirements, in addition to product functionality and production efficiency, in other word it is a process of generating and disseminating market intelligence, for the purpose of creating superior buyer value [2] defined market orientation as" the organizational cultural that most effectively and efficiently creates the necessary behaviors for the creation of superior value for buyers and the business. While [3] defined market orientation as "the basis of modern marketing studies"

As such, they consider market orientation to be an organizational culture consisting of three behavioral components a) customer orientation b) competitor orientation and c) inter-functional coordination,

### **Importance of market orientation**

The importance of market orientation as follow:

1. Gather information about the needs of customers and the capabilities of competitors.
2. If we exploit the market orientation culture, we can achieve high efficiency.
3. Increase internal coordination between jobs.
4. Re-define the responsibilities of each section.
5. Encouraging the organizational learning in order to strength the marketing relations.
6. Market orientation shows the organizations strategy.

### **Market Orientation properties**

1. Study the potential needs and desires of customer continuously.
2. Increase internal coordination between jobs.
3. The difficulty in imitation of marketing orientation by competitors.
4. Dealing with all influence sectors on the organization.
5. Long-term focus and profitability
6. To create superior value for customers.
7. Customer orientation and competitor orientation include all of the activates involved in acquiring information about the buyers and competitors.

### **Approaches of marketing orientation**

Researchers have proposed varying entrance of market orientation, so every scientist chose an approach commensurate with his specialization, Market orientation can be defined as a form of organizational culture where employees are committed to continuously create superior customer value, or as a sequence of marketing activities that lead to better performance; for example [4] have classified it to cultural approach; since market orientation is divided into three main components : a)customer orientation b)competitor orientation and c) inter-functional coordination, While [5] have classified it to behavioral approach; since market orientation is divided into three main components : generating , disseminating market intelligence and responsiveness.

As for [6] points out that when you combine the former two approaches (cultural, behavioral) you can get a unified model that includes all the elements of a market orientation that is what he called mixed approaches of market orientation. In other hand [7] and [8] points out other four entrances:

**1) Marketing intelligence approach;** described market orientation of [5] which is: a process of generating, disseminating market intelligence and responsiveness.

**2) Behavioral approach -based on culture;** described market orientation of [2] which is customer orientation, competitor orientation, and inter-functional coordination,

**3) Focus on customer;** who is describing the importance of focusing on the customer and its desires.

**4) Strategic approach;** according to this approach, market orientation is considered as strategic options that organization can use it to achieve a competitive edge. In other word, the customer orientation and competitor is one of the main components of market orientation that could lead to a competitive edge. It can be concluded from the above that the multiplicity of market orientation approaches is testament to its comprehensiveness.

### **Measuring Market orientation**

In order to measure market orientation, the two most widely used scales are MARKOR and MKTOR. The Maktor scale: measure market orientation is conceptualized as a one-dimensional construct, with three components, namely: customer orientation, competitor orientation, and interventional coordination. On the other hand, the Markor scale: Here market orientation is again composed of three components, namely: intelligence generation, intelligence dissemination, and responsiveness.

**Market orientation components**

Researchers have proposed varying components of market orientation, but we will rely the following components [9]:

**1. Customer orientation:** which includes the following sub components?

a) **Customer analysis:** Customer analysis in marketing plans or even business plans is one of the most important sections. In short, if a business does not know who its customers are or what the customer wants, it cannot meet the customer's needs. So we have to focus on delivering products designed according to customer desires, needs, and requirements. As for [10] "customer analysis has been designed in order to provide strategic clear understanding of how to deal with people according to their behavior".

b) **Response to customer:** Customer response is the reaction by the organization to the queries and activities of the customer or to response to what it takes to satisfy the customer. As for [11] " the activates that have to taken to meet customer needs".

**2. Competitor orientation:** which includes the following sub components?

a) **Competitor analysis:** you have to identify your **competitors** and evaluate their strategies to determine

their strengths and weaknesses relative to those of your own product or service. As for [10] " A range of activates that test the relative position of competing projects within the strategic sector".

b) **Response to the competitor:** [12-22] "the organization ability to respond to changes in external conditions and events. The main goal is to improve the organization's performance".

**3. Inter-functional coordination:** it is a process of generating, disseminating market intelligence and responsiveness; gathering intelligence about customers, competitors and the market and meet customer needs.

**FIELD OF STUDY**

Description of market orientation variables of the commercial banks of Jordan by using a range of Statistical tools such as, frequency, percentage, average, and standard deviations:

**Description Of Customer Orientation**

*Customer Analysis*

Table (1) refers to frequency distributions, percentages and standard deviations for the variable (x1-x5) that indicate the customer analysis variables in the commercial banks of Jordan in Amman.

**Table 1: Customer analysis**

customer analysis	The answer scale										average	Standard deviation
	Totally agree		agree		Not sure		disagree		Totally disagree			
	T	%	T	%	T	%	T	%	T	%		
X1	8	13.8	25	43.1	15	25.9	7	12.1	3	5.2	3.48	1.047
X2	3	5.2	32	55.2	14	24.1	7	12.2	2	3.4	3.47	0.903
X3	5	8.6	19	32.8	13	22.4	16	27.6	5	8.6	3.05	1.147
X4	6	10.3	30	51.7	10	17.2	10	17.2	2	3.4	3.48	1.013
X5	-	-	18	31.0	20	34.5	17	29.3	3	5.2	2.91	0.904
average		7.58		42.76		24.82		19.68		5.16	3.27	1.002

Based on table (1) we note that all of survey samples agree that banks are meeting their needs, where (%56.9) of them agree, with average (x1) (3.48) and standard deviation (1.047). While (%60.4) of them agreed that the banks are studying the behavior of its customers continually, with average (x2) (3.74) and standard deviation (0.903). Also (%40.14) of them agree that their banks gives great importance to customer's opinion and their ideas for developing banking services, with average and standard deviation (x3)(1.146) and (3.05). in addition (%61.10) of them said that their banks analyze customer data, with average and standard deviation (x4)(1.013) and (3.48). while, only (%31) of them pointed out that their banks have a system to understand the customer's needs in general, with average (x5)(2.91) and standard deviation (0.904).

**Description Of Responding To Customer**

Table (2) refers to frequency distributions, percentages and standard deviations for the variable (x6-x10) that indicate the customer analysis variables in the commercial banks of Jordan in Amman.

Based on table (2), we note that (%44.9) of survey samples confirms that their banks responded quickly to their requirements, with average (x6) (3.31) and standard deviation (0.977). While (%65.5) of them agreed that their banks are giving priority to apply the new changes for customer satisfaction, with average (x7)(3.60) and standard deviation (0.954). Also (%48.3) said that their banks use customer information to improve the quality of banking services, with average (x8) (3.26) and standard deviation (0.965). As for maintain the promises that given by banks to the customer, they said that (%75.9) agreed, with average

(x9)(3.98) and standard deviation (0.783). While (%66.9) of survey samples agreed that their banks correct their mistakes when he knows that the customer

is not satisfied with the quality of service, average (x10)(%3.67) and standard deviation (0.825) .

**Table 2: Description of responding to customer**

Responding to customer	The answer scale										average	Standard deviation
	Totally agree		agree		Not sure		disagree		Totally disagree			
	T	%	T	%	T	%	T	%	T	%		
X6	7	10.3	20	34.5	19	32.8	12	20.7	1	1.7	3.31	0.977
X7	6	12.1	31	53.4	12	20.7	6	10.3	2	3.4	3.60	0.954
X8	3	5.2	25	43.1	16	27.6	12	20.7	2	3.4	3.26	0.965
X9	15	25.9	29	50.5	12	20.7	2	3.4	3	4	3.98	0.783
X10	6	10.3	33	56.9	14	24.1	4	6.9	1	1.7	2.67	0.825
average		12.76		47.68		25.18		12.4		2.84	3.56	0.900

### Competitor orientation

#### Description Of Responding To Competitor

Table (3) refers to frequency distributions, percentages and standard deviations for the variable

(x11-x14) that indicate the responding of competitor variables in the commercial banks of Jordan in Amman

**Table 3: Description of customer to competitor**

Responding to competitor	The answer scale										average	Standard deviation
	Totally agree		agree		Not sure		disagree		Totally disagree			
	T	%	T	%	T	%	T	%	T	%		
X11	8	13.8	15	25.9	17	29.3	16	27.6	2	3.4	3.19	1.100
x12	5	8.6	12	20.7	24	41.4	14	24.1	3	5.2	3.03	1.008
X13	3	5.2	14	24.1	19	32.8	19	32.8	3	5.2	3.91	0.996
X14	4	6.9	14	24.1	22	37.9	16	27.6	2	3.4	3.03	0.973
average		8.6		23.7		35.3		28.1		4.3	3.1	1.019

Based on table (3), we note that (%38.8) of survey samples confirms that their banks take immediate action when a competitors launch promotional campaign to influence customers, with average (x11) (3.19) and standard deviation (1.100). While (%28.2) of them agreed that their banks are focusing on customers wherever to achieve a competitive edge, with average (x12) (3.03) and standard deviation (1.008). Also (%29.3) said that their banks are responding quickly to competitor's activities, with average (x13) (2.91) and standard deviation (0.996). While (%30.9) said that banks responds quickly to changes in competitors' strategies, with average (x14) (3.03) and standard deviation (0.973).

### CONCLUSIONS

- 1- There is a big difference between a market orientation that deals with customers' needs and desires, and market orientation that cares about customer, competitor and Inter functional coordination.
- 2- Researchers were disagreeing about the adoption of market orientation measures, but they remain MRRKOR and MAKTOR as the main measure.

3- The main components of the market orientation are (customer orientation, competitor orientation and inter functional coordination).

4- based on strategic analysis, the generating , disseminating market intelligence and responsiveness (about customer and competitor) can helped to identify the strengths and weaknesses point, so they can achieve the quality, flexibility and creativity.

5- When a company has a marketing orientation, it makes meeting the needs or wants of its target customers its primary business motivation. This includes responding to stated consumer needs by developing new products, improving on exist products or improving services.

### RECOMMENDATIONS

- 1- Attract customers through the development of special programs for analysis customers' data and meet their needs.
- 2- Increased coordination between departments by generating, disseminating market intelligence and exchange of views in order to improve services.
- 3- The use of modern information system.
- 4- Hold regular meetings between sections

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