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Market orientation, trust and satisfaction in dyadic relationships:a manufacturer-retailer analysis

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Abstract

This paper studies the relationships between the manufacturer's market orientation behaviours and the distributor's trust in the relationship and satisfaction with it. It also analyses the effect of the distributor's trust on his/her satisfaction. Following a review of the literature, three

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alternative models of relationships between trust and satisfaction are compared. For this purpose the article presents the results of a study of the Spanish ceramic industry. These establish that the effect of the manufacturer's market orientation on the distributor's trust and on its satisfaction with the relationship is different depending on which dimension is considered. The model that best fits the data shows that trust improves the distributor's satisfaction with the relationship.

Article Type: Research Paper

Keyword(s): Market orientation; Trust; Satisfaction; Customer satisfaction.

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Introduction

The traditional literature on market orientation has held that companies that orientate themselves towards the market obtain better results (Kohli and Jaworski, 1990; Narver and Slater, 1990; Webster, 1992; Slater and Narver, 1994). This is because market orientation implies a better understanding of the environment, and therefore the company that adopts this orientation possesses greater ability to identify and satisfy consumers' needs. However, we should not forget that market orientation also concerns intermediary companies.

Research into market orientation has ignored its potential impact on relationships in the channel and the implications that market-oriented behaviour has in dyadic relationships. The lack of attention devoted to market orientation is even more noticeable when it comes to relationships in the distribution channel, in view of the potential effects of the actions of a market-oriented company and the importance of these relationships (Kumar *et al.*, 1995). With regard to this, Frazier (1999) highlights the need to focus research into market orientation on the context of the channel. Avlonitis *et al.* (1999) are also of the same opinion and suggest that market orientation research should be able to explain, among other things, what the implications of introducing and applying market orientation to distribution channels would be.

In view of the highly interdependent nature of the relationships between the organisations involved in a distribution channel, together with the mutual trust that must be present, it becomes necessary to examine the links between the literature on market orientation and that dealing with relationships in the channel (Baker *et al.*, 1999). In the same vein, we find suggestions like that of Innis and La Londe (1995), who claim that the higher the wholesaler's level of market orientation, the greater the level of consensus should be between the members of the channel.

In spite of the studies by Siguaw *et al.* (1998) and Baker *et al.* (1999), the effects of market orientation on the behavioural dimensions of relationships in the distribution channel have still not been studied in depth. Consequently, in this study, our aim is to fill this gap by identifying the effects that the manufacturer's market orientation behaviours have on the distributor's trust and on his satisfaction with the relationship.

In order to answer this general research question, our study is based on empirical evidence showing that the different dimensions that configure market orientation can lead to different consequences (e.g. Diamantopoulos and Hart, 1993; Lukas and Ferrell, 2000; Pelham, 2000). In terms of new knowledge, the adoption of this perspective enables us to verify not only whether there is an antecedent-consequence relationship between market orientation and the variables studied, but also how these variables are affected by the different behavioural dimensions implicit in this orientation. Moreover, the knowledge of these different effects will serve as a guide to managers about which market orientation activities have to be emphasised to achieve greater trust and satisfaction of the distributors.

Consequently in this research we consider the dimensions of market orientation as exogenous variables, while trust and satisfaction are considered endogenous, as in similar studies (Selnes, 1998). Several authors have found that the different dimensions of market orientation lead to different consequences. One of the first studies to posit a relationship between the components of market orientation and results was done by Diamantopoulos and Hart (1993). Their results do not permit us to give unequivocal support to the relationship overall; however, they do permit some partial conclusions to be drawn. With regard to information gathering there seems to be a positive relationship between the search for information, by the firm's own means or by outsourcing, and a single measure of results which included the profit margin and growth of sales. From the results of this study we can also deduce a positive and significant relationship between the implementation of the response (providing information to potential customers) and the firm's results. In another study, Lukas and Ferrell (2000) verify that the innovation of products varies

depending on whether there is greater emphasis on customer orientation or on competitor orientation. Finally, the results of [Pelham \(2000\)](#) show that interfunctional coordination (managers' knowledge of how the whole firm can consumer value) positively influences the profitability of the firm (sales margin and profitability), growth (level of sales, growth of sales and market share) and the effectiveness of marketing (relative quality of the product, success of new products and customer retention ratio). Furthermore, from this study we deduce a clear positive relationship between the behaviours of the design of the response of market orientation and the profitability of the firm. This study also finds sufficient evidence to affirm that the implementation of the response has positive effects on different measurements of results. The author finds a partial correlation, positive and very significant, between rapid response to actions by the competition and the growth and effectiveness of marketing.

More specifically, earlier studies relating market orientation and channel relationships ([Smeltzer, 1997](#); [Siguaw *et al.*, 1998](#)) seem to indicate that only some of the dimensions of market orientation, namely dissemination of information, intelligence generation and inter-functional coordination, participate in the generation of trust and satisfaction. However, this point has not yet been empirically corroborated, so this article aims to find out how the different dimensions of market orientation perform in the generation of trust in, and satisfaction with, the manufacturer.

Literature review and propositions

Market orientation and trust

Inspired by interpersonal research, most studies of the channel define trust as the degree to which a firm believes that its trading partner is honest and/or benevolent. Thus the concept of trust, in the framework of relationships in the commercialisation channel, reflects two distinct components: credibility and benevolence ([Anderson and Narus, 1998](#)).

For [Kumar \(1996\)](#), the key to creating trust lies in justice. Many studies of organisational and social justice (e.g. [Tyler and Lind, 1992](#)) have identified two different categories of justice: distributive justice and justice of process. One of the six interrelated components of this latter type of justice is refutability: a partner can appeal the other party's channel policies and decisions. The inter-functional coordination of the members of the channel managed by a market-oriented manufacturer brings with it the possibility of debating the supplier's policies towards the channel. Hence the manufacturer's market orientation can favour the distributor through its impact on this component of justice of process. Consequently: *P1a.* = The greater the inter-functional coordination of the manufacturer, the greater the trust placed in him/her by the distributor. [Child \(2001\)](#) also points out that the generation of trust in a relationship must necessarily pass through a phase in which the organisations collect and process information on each other in order to complete their mutual knowledge. Since the final objective of market orientation is to provide consumers with higher value, it can be posited that the activity of collecting and disseminating information, typical of a market-oriented organisation, will be extended to the members of the channel, favouring effective communication with them and thus increasing their trust.

Intelligence generation should provide adequate knowledge of the circumstances surrounding the distributor, which is another of the six components of justice of process pointed to by [Kumar \(1996\)](#) as generators of trust.

To exploit the potential of market orientation to build and maintain relationships with customers, the manufacturer must be aware that to the customer, the salesperson represents the manufacturer ([Crosby *et al.*, 1990](#)). It has been demonstrated that the manufacturer's market orientation generates the salespersons' customer orientation, which in turn increases the customer's trust in the relationship with the manufacturer. This is because the salesperson will acquire and use market intelligence to create superior customer value ([Langerak, 2001](#)).

All these reasons lead us to propose: *P1b.* = The greater the manufacturer's intelligence generation, the greater the trust placed in him/her by the distributor. The literature on intra-channel relationships has shown that a principal precursor of trust is communication, defined as the formal and informal exchange of adequate and timely information among firms ([Anderson and Narus, 1998](#)). Communication, especially timely communication ([Moorman *et al.*, 1993](#)), favours trust by helping to settle disputes and to equalise the perceptions and expectations of the parties ([Etgar, 1979](#)). The accumulation of this trust leads to better communication on subsequent occasions. Indeed, both from the manufacturer's point of view and from the distributor's, communication is positively related to trust ([Anderson and Weitz, 1989](#); [Selnes, 1998](#)). Moreover, sharing information contributes to overcoming the barriers between the parties in the dyad, thus generating trust in each other and facilitating two-way communication and clarity; two more of the components of justice of process ([Kumar, 1996](#)). *P1c.* = The greater the dissemination of information by the manufacturer, the greater the trust placed in him/her by the distributor. [Siguaw *et al.* \(1998\)](#) consider that the supplier's market orientation should increase the trust of the distributor, because the supplier will share information and advantages with the distributor without having to be asked ([Smeltzer, 1997](#)), will transmit favourable intentions and motives, which are necessary for achieving high levels of trust, and will maintain open communications with consumers and responses to their needs, leading to greater credibility and reliability towards partners.

The findings of [Baker *et al.* \(1999\)](#) indicate that market-oriented suppliers are able to show to their distributors that they are the

best partners for carrying out their tasks (supplying products) and maintain behaviour in accordance with their interests, because their market orientation enables them to create satisfaction in the consumers, thus increasing sales and improving the profitability of both (Anderson *et al.*, 1994). Therefore, when a supplier is market oriented, the distributor should respond with higher levels of trust in the relationship with his partner in the channel (Siguaw *et al.*, 1998). We therefore propose that:

P1d.—The better the design of the manufacturer's response, the greater the trust placed in him/her by the distributor.

P1e.—The better the implementation of the manufacturer's response, the greater the trust placed in him/her by the distributor.

Market orientation and satisfaction

Satisfaction between members of the channel can be defined as a positive affective state resulting from the evaluation of all aspects of the relationship of one firm with another in the channel (Anderson and Narus, 1984). It arises from a cognitive state that indicates whether the rewards received meet expectations (Mohr and Spekman, 1994; Wilson, 1995). Anderson and Narus (1998) point out that satisfaction is an affective valuation and can be compared to an objective or "rational" valuation of the results. According to these affirmations, satisfaction is one channel member's general approval of the relationships in the channel (Gaski and Nevin, 1985).

It is therefore a significant criterion for evaluating the relationships in the channel, as it includes all the characteristics of the relationship between two members of the channel (Dwyer and Oh, 1987). The aspects to be considered in this overall valuation are many and varied. In general, we can divide them into economic aspects and psycho-social aspects (Gassenheimer *et al.*, 1994) and speak of economic satisfaction and non-economic satisfaction respectively (Geyskens *et al.*, 1999). As we aim to demonstrate that the manufacturer's market orientation has positive effects on his relationships with distributors from a behavioural perspective, we are especially interested in non-economic satisfaction; for this reason we will centre on the social interaction dimension of satisfaction (Ruekert and Churchill, 1984).

The coordination of the different functions of the organisation result in greater efficiency. In this sense, Churchill *et al.* (1976) show that the salesforce often feel more satisfied when the management supports them in carrying out their functions and allows them to participate actively in management, and when they perceive relatively high levels of structure. In these circumstances, the members understand better the scope of channel policies and are more likely to feel satisfied with their relationship. *P2a.*—The greater the inter-functional coordination of the manufacturer the greater the distributor's satisfaction with the relationship. Market orientation requires continuous investment in the search and gathering of information so that the market-orientated manufacturer may always dispose of important, up-to-date information to pass on to distributors. Furthermore, distributing information applied to the channel enables the manufacturer who adopts market orientation to coordinate the flow of information and communications circulating within the channel (Stern and El-Ansary, 1992). By means of these activities, which are inherent to market orientation, the manufacturer acquires special knowledge and expertise that can reduce the uncertainty of his or her distributors, who then become dependent on him or her for knowledge of what is happening in the market (Stern and El-Ansary, 1992).

Considering that it has been proved that non-coercive power generates satisfaction and, more specifically, that expert power plays a part in the distributor's satisfaction with the relationship (Bigné *et al.*, 2003), we propose that: *P2b.*—The greater the manufacturer's intelligence generation, the greater the distributor's satisfaction with the relationship. Sometimes information exchange, discussion of business strategies, and requests are operationalized as the distributor perception of the quality of assistances offered by the manufacturer (Brown *et al.*, 1995). A channel member satisfied with the non-economic aspects of the relationship appreciates the contacts with its partner and, on a personal level, likes working with it because it believes the partner is concerned, respectful, and willing to exchange ideas.

In this sense, Geyskens *et al.* (1999) found that non-coercive influence strategies by the partner had a positive effect on the focal channel member's sense of non-economic satisfaction. Since strategies of influence can be considered as a dimension of communication in the channel (Frazier and Summers, 1984; Frazier *et al.*, 1989; Frazier and Rody, 1991) it can be posited that: *P2c.*—The greater the dissemination of information by the manufacturer, the greater the distributor's satisfaction with the relationship. If the manufacturer is market oriented, his products are likely to provide superior value to the consumer, improving the retailer's sales. In this case retailers are more likely to be satisfied. Indeed, by embracing a market orientation, manufacturers can improve their channel relationships with their distributors and place themselves in a position to be of greater value to the distributor. By doing so, the manufacturer may also be able to wield more power in the channel and obtain special concessions from the distributor because the latter will be more satisfied with the relationship (Baker *et al.*, 1999).

It can thus be proposed, following the reasoning of Baker *et al.* (1999), that a distributor will express a greater degree of satisfaction with his relationship with a market-oriented manufacturer because the latter will be making efforts to monitor and design a response to the distributor's need to satisfy end users. Accordingly: *P2d.*—The better the design of the manufacturer's response, the greater the distributor's satisfaction with the relationship. Hunt and Nevin (1974), and Lusch (1977) suggest that the satisfaction of one member is positively related to the performance of the functions of the other firm. Following this line, Schul (1987) considers it more likely that a channel member will be more motivated and express greater satisfaction with his channel

partner if the former's outward behaviour shows his concern for the needs of both.

Ruekert and Churchill (1984) identified four dimensions of the satisfaction of channel members which together would generate a general positive state: one product dimension, which refers to satisfaction with the quality offered and that demanded of the supplier's products; one financial dimension, reflecting the attraction of the financial terms of the relationship such as margins and profitability; one assistance dimension, referring to how the intermediary is supported by the supplier in matters such as cooperative advertising, delivery times, etc.; and a social interaction dimension, which values how communication is maintained between intermediaries and suppliers. In our opinion all these dimensions are directly related to the implementation of a response, in accordance with the information gathered from the market, by market-oriented firms, and we therefore propose that:

P2e.—The better the implementation of the manufacturer's response, the greater the distributor's satisfaction with the relationship.

Trust and satisfaction

Previous research has shown that constructs of trust and satisfaction are positively correlated (e.g. Crosby *et al.*, 1990). In our opinion, just as the manufacturer's market orientation can influence the distributor's trust in his supplier, the trust affected by that orientation can be expected to be positively linked to the distributor's satisfaction with his relationship with the manufacturer. Indeed, the literature on relationships in the channel points to trust as one of the causes of intra-channel satisfaction (Dwyer, 1980). The distributor's satisfaction with the relationship will be greater in those cases in which the supplier inspires trust. Otherwise, the intermediary will feel more insecure and nervous about the possible actions of the supplier, which will probably lead to a more unsatisfactory situation.

Siguaw *et al.* (1998) and Baker *et al.* (1999) found, in fact, a direct relationship between the distributor's satisfaction with the final results and the level of trust in his supplier. Also, a distributor may work more diligently to improve results with a partner that he considers to be more reliable and benevolent than alternative partners (Siguaw *et al.*, 1998). Specifically, the effect of trust on long term orientation and satisfaction is greater than the direct effect of any other variable. Furthermore, the effect of economic results on satisfaction and on long term orientation is almost completely dependent on trust (Child, 2001). In this sense, Geyskens *et al.* (1998) conclude that trust is a highly effective means of increasing satisfaction and long term orientation. Hence: *P3.*—The distributor's trust in a manufacturer has positive effects on the distributor's satisfaction with the relationship. However, it can also be expected that one party's degree of satisfaction with the relationship will influence the trust placed in the other party. The results of some studies encourage us to think about this effect (e.g. Ganesan, 1994; Selnes, 1998). Geyskens *et al.* (1999), basing themselves on the study by Dwyer *et al.* (1987), suggest that satisfaction with the relationship (which develops in the short term and is a report of past interaction) positively influences trust (which takes relatively longer to develop and has a more expectational quality to it). These authors corroborated empirically the positive effect of satisfaction on trust (Geyskens *et al.*, 1999). Consequently: *P4.*—The distributor's satisfaction with the relationship has positive effects on the distributor's trust in the manufacturer. The causal ordering of the relation between trust and satisfaction has not yet been assessed (Geyskens *et al.*, 1999; Kennedy *et al.*, 2001). One way of doing this would be to test the construct that occurs first; that is, to identify the positioning of the two variables if a relationship was just beginning. Another way to solve the problem, if this information is not available when doing transversal research, is to conduct multiple model comparisons and to test the differences between models. In this sense, this two-way causal flow provides theoretical foundations for building three models of how the manufacturer's market orientation influences the distributor's trust and his satisfaction with the relationship:

1. considering both relationships in the same model (non-recursive model);
2. with trust as antecedent and satisfaction as consequence (trust→satisfaction model); or
3. with satisfaction as antecedent and trust as consequence (satisfaction→trust model) (Figure 1).

We next detail the procedure used for comparing the three models and testing differences between them. Then we will present a discussion of the results achieved.

Empirical study

The unit of observation: the dyad

The gathering of data from dyads of suppliers and distributors linked in the channel has been strongly supported by researchers, as it helps academics and professionals to understand the development, management and maintenance of the relationships. The dyad, which contains the interdependent behaviour of two parties towards each other by virtue of their positions, is the appropriate unit of analysis. Empirical studies of relationships in the channel involving dyadic data have developed concept measurements using data gathered from only one of the parties. The relationships between these measurements are estimated for each type of participant in the relationship (supplier and distributor) using separate analyses (Anderson and Narus, 1998) or combined ones (Anderson and Weitz, 1992).

In our case, information was gathered through two parallel personal surveys carried out by a private research institute among Spanish manufacturers and distributors of floor and wall tiles. Market orientation was measured among the manufacturers and the perception of trust and satisfaction with the relationship was measured among the distributors. The dimensions were measured on five-point Likert scales (1=strongly disagree, 5=strongly agree) by means of a pre-tested questionnaire.

All the 242 manufacturers listed by Association of Ceramic Tile Manufacturers of Spain (ASCER) were contacted; 122 agreed to be interviewed and to answer the questionnaire, a response rate of 50.41 per cent.

We measured distributors' perceptions of both behavioural dimensions in their relationships with a manufacturer. Owing to the difficulty of getting multiple informants, a single informant was used: the purchasing manager, since they are the individuals with the greatest knowledge and experience of negotiating with other entities in the commercialisation channel (Mohr and Spekman, 1994).

Each respondent selected a supplier with whom the firm had maintained a relationship for at least one year. Since behaviour is based on perceptions rather than on objective measurements of interaction, we sought to measure the distributors' perceptions regarding the reference supplier. Specifically, distributors were asked about their perceptions of the two dimensions of the relationships between their company and the supplier.

From a total of 222 responses from 250 interviews with distributors, 179 dyads could be established. For our purpose a dyad had to consist of a manufacturer whose degree of market orientation was measured, and a distributor who had referred in his responses to the relationship with that manufacturer. The difference between the number of distributors who responded and the number of dyads is due to manufacturers who refused to answer though selected by distributors as main suppliers (35) and to distributors who refused to disclose the identity of their manufacturing supplier (eight) (see Table I).

Measures

Market orientation

There is some debate as to whether market orientation is best measured from the perspective of the firm itself or from that of the customer. The starting point for most models is that the firm itself judges the level of market orientation, though Deshpandé *et al.* (1993) consider that the true judge should be both, the customer and the members of the firm. Nevertheless, these same authors recognise that customers cannot be expected to profile behaviour that takes place entirely within the other firm and is not reflected outside it (e.g. inter-functional coordination). As we adopt a behavioural conception of market orientation, we opted to follow the majority literature, measuring it from the point of view of the firm itself and using a single informant (the manager).

The literature on market orientation has centred on the studies by Kohli and Jaworski (1990) and by Narver and Slater (1990). The first adopts a view based on the processing of market information, while the second sees market orientation fundamentally from a point of view of organisational culture and pays more attention to the norms and values of the organisation.

Despite the differences between the two approaches, several authors have found similarities among their components. Each of them has served to broaden the concept of market orientation from being a business philosophy to representing the actions of an organisation in relation to the market (Ruekert, 1992; Diamantopoulos and Hart, 1993; Cadogan and Diamantopoulos, 1995). The authors of the two conceptualisations themselves find agreements between their studies (Slater and Narver, 1994; Jaworski and Kohli, 1996)

Bringing together the similarities found between the two models, we could propose an eclectic definition of the market orientation concept to reconcile the views most widely accepted in the literature. Thus for our purposes, market orientation is defined as the coordinated behaviour of the different functions of the organisation aimed at: generating intelligence from consumers, the competition and the environment; disseminating this information throughout the organisation; and designing and implementing a response in accordance with the information obtained; all based on the identification and construction of distinctive capabilities of the organisation, with the objective of satisfying consumers by providing them with a higher value.

This definition is a synthesis of different contributions to the demarcation of the concept. The generation of intelligence, its dissemination, and the design of the response (Kohli and Jaworski, 1990) are activities shared by the different departments and functions of the organisation; such that interfunctional coordination encompasses all three (Cadogan and Diamantopoulos, 1995). These activities will be developed by the organisation on the basis of its distinctive capabilities (Tuominen and Möller, 1996); and these capabilities, in turn, will be positively affected by the development of these activities (Tuominen *et al.*, 1999).

To measure market orientation we constructed a scale that adopted the contributions of the principal models for the measurement of the concept and overcame their defects. Indeed, despite the steady flow of investigations relating to the development of scales, Oczkowski and Farrell (1998) point out the lack of guidelines to be able to distinguish between alternative scales that measure the same concept. There seems to be no single generally accepted scale for measuring market orientation; nor is it even clear which

variables might affect it. The problem of the choice of scale is especially important in view of the alternative measures of the market orientation concept developed by [Narver and Slater \(1990\)](#) (MKTOR) and [Kohli et al. \(1993\)](#) (MARKOR). Studies carried out after the development of these scales have made manifest both their virtues and their defects.

One group of criticisms of the MKTOR scale refer to the operationalisation of market orientation. Thus [Kohli et al. \(1993\)](#) consider that this scale ignores additional factors that form the consumer's needs and expectations and does not contemplate the speed with which market information is generated and disseminated within the organisation; and they include a series of items that do not take into account the activities and behaviours associated with market orientation. [Bisp et al. \(1996\)](#) criticise the measurement scales, except the MARKOR scale, for not differentiating between customers and end users. In the opinion of these authors, for companies that produce and commercialise products for the consumer, it seems especially relevant to include the generation of information on end users.

Other criticisms of these authors refer to the items used in the measurement. [Kohli et al. \(1993\)](#) accuse the scale of [Narver and Slater \(1990\)](#) of including a series of items that do not measure activities and behaviours specific to market orientation. [Siguaw \(1994\)](#) also found a certain conceptual confusion among the items; and [Siguaw and Diamantopoulos \(1995\)](#) pointed out that the veracity of the MKTOR scale is questionable because some items can belong to both consumer orientation and to inter-functional coordination, and others can be classified both in competition orientation and in inter-functional coordination.

Among the objections made to the MARKOR scale we find the critique by [Pelham \(1993\)](#) of its theoretical underpinning. [Van Bruggen and Smidts \(1995\)](#) point out that, in formulating the items, [Kohli et al. \(1993\)](#) do not differentiate among the participants who intervene in market orientation, which renders it difficult to make recommendations regarding each of these participants to improve such orientation. Specifically, they note the lack of a differentiation among different groups of customers (e.g. end users and distributors). [Oczkowski and Farrell \(1998\)](#) verify that the measurement of market orientation by MKTOR is more reliable than MARKOR, even though the latter has six items more. Furthermore, they indicate that although the authors aim to conceptualise market orientation from an integrating perspective, the scale proposed excludes some relevant information; they also add that the methodology used is not the most suitable.

In order to solve these disadvantages of the existing scales we developed an eclectic scale (Appendix 1) based, as far as its dimensions are concerned, on the MARKOR ([Kohli et al., 1993](#)) and MKTOR scales ([Narver and Slater, 1990](#)), although its structure obliged us to relocate some of the items from their place in the original scale. Repeated items were removed and items from other scales referring to aspects not reflected in the above scales were included, e.g. price policies, discussion of market tendencies ([Deshpandé et al., 1993](#)); identification of emerging segments, appearance of new products, stimulation of exchanges of information, strategies aimed at the environment, and the flow of information to consumers; following a procedure similar to that applied by [Matsuno et al. \(2000\)](#) to refine the MARKOR scale.

In drawing up this scale, we were aided by a panel of 17 experts whose suggestions, after three rounds of consultation using the Delphi method, enabled us to construct an initial scale consisting of 33 items (Appendix 2). This scale was tested in the ceramic tile sector by means of personal interviews with manufacturers, the results of which enabled us to analyse its content validity, concept validity, criterion validity and reliability (for details, see [Bigné et al., 2003](#)). [Table II](#) shows the results of the confirmatory factor analysis used to analyse the convergent validity of the scale. It can be observed that all the indicators meet, or come close to, the following requirements: item load greater than 0.5, t greater than 2.57, and R^2 greater than 0.3. Furthermore, the program does not suggest any significant improvement.

The first advantage of this scale over existing ones lies in its structure. On the one hand, it contains the dimensions of the MARKOR scale with the explicit addition of interfunctional coordination from the scale by [Narver and Slater \(1990\)](#). On the other, it considers consumer orientation and competition orientation in each of its dimensions. This structure overcomes the conceptual confusion of which the MKTOR scale has been accused ([Siguaw, 1994](#); [Siguaw and Diamantopoulos, 1995](#)). Furthermore, it incorporates items relating to environmental aspects, thus agreeing with recent studies that have resulted in the refining of the MARKOR scale ([Matsuno et al., 2000](#)). Another advantage of this scale is that it adopts a broad concept of "consumer". Indeed, by distinguishing between customer, end user, and distributor it overcomes the criticisms made of MKTOR ([Bisp et al., 1996](#)) and MARKOR ([Van Bruggen and Smidts, 1995](#)) in this sense. Finally, its markedly behavioural nature makes it especially useful as a managerial guide to the adoption of market orientation as a management model. Our scale thus takes on board the recommendations by [Narver and Salter \(1998, p. 236\)](#) that "a measurement of market orientation must incorporate measurements of the critical behaviours implicit therein", thus improving on the summary scale of [Deshpandé and Farley \(1998\)](#).

Trust

[Siguaw et al. \(1998\)](#) measure trust using the scales presented by [Ganesan \(1994\)](#): five items for benevolence and seven for credibility. This author made an exploratory factor analysis with oblique rotation of the 12 items. All of them loaded heavily on the two factors and were subsequently analysed by means of a confirmatory factor analysis which conferred validity on this scale. The reliability of the measurement of credibility was 0.90 and of benevolence 0.88. [Joshi and Stump \(1999\)](#) also turn to the work of

Ganesan (1994) and Morgan and Hunt (1994) to construct a three item scale to measure trust in the supplier through the customer's perceptions of the former's motives and intentions. The said scale has been shown to have satisfactory properties of measurement (convergent validity, reliability and discriminant validity) and treats trust as a one-dimensional concept. Indeed, although credibility and benevolence are conceptually different, in inter-firm relationships they can be so entangled as to be inseparable in practice (Doney and Cannon, 1997). For all these reasons, we decided to adapt it to our study and use it to measure distributors' trust in their main supplier (Appendix 3).

Satisfaction

Andaleeb (1996) uses a three item scale based on the work of Frazier *et al.* (1989), to capture general satisfaction with the relationship. The different analyses of reliability, one-dimensionality and validity showed that this was a satisfactory measuring tool. Considering that this scale fits the aims of our study, since it seeks to measure general satisfaction with the relationship, and has been shown to measure this concept adequately, we decided to adapt it to our study in order to measure the distributor's degree of satisfaction with his relationship to the manufacturer (Appendix 4).

Reliabilities

Since the scales used have already been validated in other studies, all we did was to check their reliability for the sector under study. One type of diagnostic measurement is the coefficient of reliability, Cronbach's alpha (Nunnally, 1979; Peter, 1979), which values the consistency of the whole scale.

Table III shows the results of the reliability analysis applied to the scales, and the mean and standard deviations. The dimensions of market orientation scored acceptable alphas, so we can consider the scale reliable. Also, the analysis of reliability showed the need to eliminate the item TRUST3 from the scale measuring the distributor's trust, in order to obtain an alpha of 0.7. The satisfaction scale presented acceptable alpha levels ($\alpha=0.92$) and all its items exceeded the minimum item-total correlation required, thus confirming its reliability.

Results

Multiple model comparisons

Table IV shows the goodness of fit statistics of the three nested models tested by SEM. It can be seen that for all the statistics the Trust \rightarrow Satisfaction model achieves the best indexes. It has not only the lowest χ^2 , NCP, SNCP, RMR, ECVI, χ^2/df and AIC, but the highest degrees of freedom, GFI, AGFI, NNFI, NFI and PNFI. Thus we accept it as the best of the competing models.

Before presenting the results of this model it is worthwhile to take a look at the relations posited in the other models. The non-recursive model presents positive and significant effects of all the market orientation dimensions on trust and satisfaction, and a negative and significant effect of satisfaction on trust ($\gamma=-0.19$, $t=-2.48$), while the relation between trust and satisfaction is not significant. The Satisfaction \rightarrow Trust model shows positive and significant effects of all market orientation dimensions on satisfaction, while the effects of these dimensions on trust are not significant. The relationship of satisfaction and trust is also positive and significant ($\gamma=0.57$, $t=7.60$).

The relationships posited in the best model are all significant, but not all of them are of the same intensity. This tends to confirm our suspicion that the different market orientation dimensions have different effects on the distributor's trust in the manufacturer and on the former's satisfaction with the relationship. As expected, positive and significant effects have been found between inter-functional coordination and trust ($\gamma=0.28$, $t=3.52$), intelligence generation and trust ($\gamma=0.28$, $t=3.55$), dissemination of information and trust ($\gamma=0.28$, $t=3.40$), design of response and trust ($\gamma=0.20$, $t=2.45$) and implementation of response and trust ($\gamma=0.25$, $t=2.88$). These results allow us to affirm that market orientation has a positive effect on distributor's trust. Moreover there are positive and significant relationships between inter-functional coordination and satisfaction ($\gamma=0.30$, $t=11.73$), intelligence generation and satisfaction ($\gamma=0.31$, $t=11.87$), dissemination of information and satisfaction ($\gamma=0.30$, $t=11.31$), design of response and satisfaction ($\gamma=0.21$, $t=8.49$) and implementation of response and satisfaction ($\gamma=0.27$, $t=9.79$). Thus all the dimensions of market orientation have positive effects on the distributor's satisfaction with the relationship. Similar results were achieved by Baker *et al.* (1999). In our case, we are able to add to that conclusion that there are some market orientation dimensions whose contribution to distributor satisfaction is lower than others. This is the case of the design of the response.

Finally, the distributor's trust in the manufacturer has a positive and significant effect on his satisfaction with the relationship ($\gamma=0.13$, $t=3.02$), as *P3* posits. This result is in line with those obtained in other studies (Schul, 1987; Anderson and Narus, 1998; Siguaw *et al.*, 1998). Thus, in general, the best model not only has the best goodness of fit statistics, but is the only one that confirms all the relations posited in it.

Discussion, limitations and conclusions

In the course of this study we have reviewed a large part of the existing literature on market orientation and on relationships in the channel, and this has shown the lack of studies that relate the two. This study has accepted the challenge made by several authors to shed some light on the possible effects of the manufacturer's market orientation on the behavioural dimensions of relationships in the channel, with the idea that such an effect may be a benefit, additional to those already investigated, of adopting this orientation.

Our propositions posited that the producer's market orientation behaviour had positive effects on the distributor's trust, and on his satisfaction with the relationship. These effects have been tested by measuring the distributor's perception of such dimensions, and the manufacturer's market orientation, in the context of the ceramic tile sector.

Testing the three models constructed on the basis of the literature review, by means of structural equation models, has enabled us to conclude that the model that best fits our data is that which establishes that manufacturer's market orientation has direct effects on the distributor's trust and satisfaction, and that trust fosters the distributor's satisfaction with the relationship.

The influence of the dimensions configuring market orientation on the variables studied is uneven. Indeed, not all the dimensions have the same strength or significance. Moreover, our study shows that the distributor's trust in the manufacturer improves his satisfaction with the relationship.

These results permit us to affirm that the adoption of market orientation by the manufacturer is justified by the improvement in his channel relationships, as well as by the achievement of other benefits noted by the literature. In fact, the establishment of a direct positive relationship between market orientation and channel relationships implies that, to the positive results traditionally attributed to market-oriented behaviours (psychological and social benefits for employees, improvement in consumer attitude and behaviour, being in a better position to succeed under certain business environment conditions, a source of long-term sustainable competitive advantages, a good foundation for innovation and the development of new products, and a valuable resource for organisational learning), must be added the improvement in relationships with the other channel members.

The results also offer a solution to the problem, still unresolved in the marketing literature, of the causal order between trust and satisfaction. Indeed, a comparison of rival models shows that the relationship of causality between the two variables situates trust as an antecedent of satisfaction. This result enables us to establish a theoretical basis for longitudinal studies to identify the position of both variables at the start of the relationship.

At management level, the conclusions of our study indicate that market-oriented firms ought to know what effect the different behaviours implicit in such orientation will have on results, so that, by applying corrective measures, they can enjoy the advantages of having adopted such an orientation.

However, the limitations to our study have to be pointed out here. It centres on a single industrial sector, and so it would seem appropriate for testing to be done also in other sectors or even between sectors, including services, modifying the items accordingly. Thus, these conclusions must be interpreted with caution, until they are corroborated by replications of this study in other sectors.

The scale of measurement of trust, although it has shown its utility in studies similar to ours ([Joshi and Stump, 1999](#)), has here been reduced to two items in order to obtain an index of acceptable reliability. These two items capture the two components of trust: credibility (TRUST1) and benevolence (TRUST2). In any case, subsequent studies should use scales capable of capturing in greater detail the richness of the construct.

Among future lines of research that could be developed from this study, some were already indicated by [Steinman et al. \(2000\)](#). Specifically, these authors point out the need to distinguish whether the quality of the relationships in a dyad is affected by the perceptions of market orientation or only by the supplier's degree of market orientation, as shown by our study. A further question is whether there is any difference in supplier-customer relationships between domestic markets and multinational markets in relation to the supplier's market orientation ([Steinman et al., 2000](#)); even if the effects of market orientation on the trust and dependence of the distributor are the same for the national channel as for the international channels.

We would also add to these ideas the need to consider the changes that the electronic market may generate within the channels and, in consequence, adapt the influence model offered in this study to the new circumstances and relationships that may be established through the Internet.

In addition, it seems worthwhile to extend the unit of analysis from the dyad to the business network, adopting an explanatory perspective.

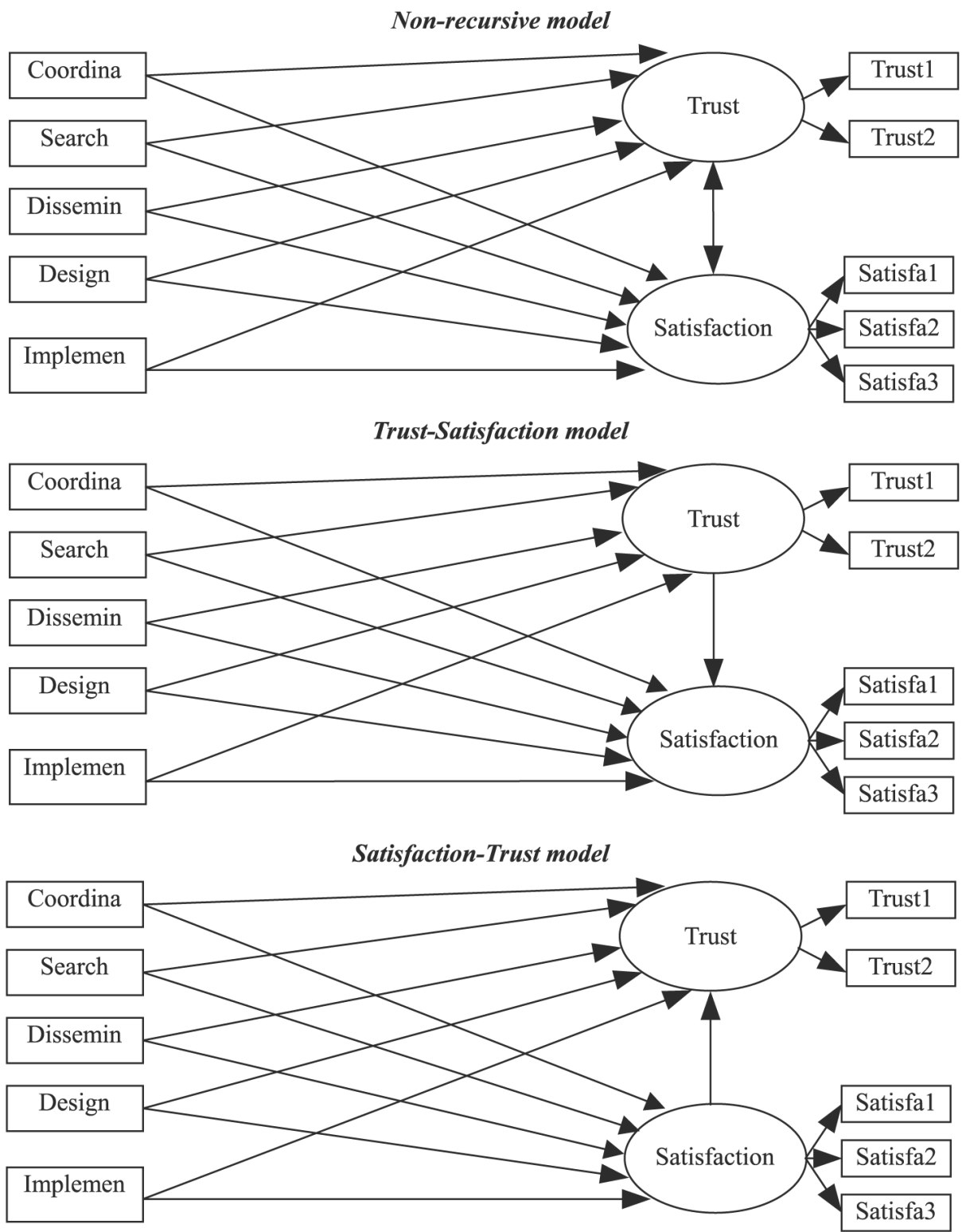


Figure 1 Models of impact of manufacturer's market orientation on distributor's trust and satisfaction

Table I Technical specifications of the fieldwork

Universe	Manufacturers = 242 Distributors = 3,925
Scope	National
Sample size	Manufacturers = 122 Distributors = 222 Dyads = 179
Sampling error	Manufacturers = 6.25 per cent Distributors = 6.39 per cent
Confidence level	95 per cent, $Z = 1.96$, ($\alpha = 0.05$, $P = Q = 50$ per cent)
Sample procedure	Random sampling
Fieldwork	March-April 2000

Table I Technical specifications of the fieldwork

Table II Accepted solution of the confirmatory factor analysis of the eclectic scale of measurement of the manufacturer's degree of market orientation

	Estimated parameters (Maximum likelihood)		
	λ	t	R^2
COORDIN3	0.68	6.48	0.47
COORDIN4	0.87	7.72	0.76
SEARCH2	0.51	5.37	0.26
SEARCH4	0.79	8.95	0.62
SEARCH5	1.00	11.60	0.99
DISSEMI1	0.64	6.87	0.41
DISSEMI2	0.61	6.57	0.38
DISSEMI3	0.59	6.25	0.35
DISSEMI4	0.52	5.44	0.27
DISSEMI5	0.57	6.03	0.33

DESIGN3	0.70	7.76	0.49
DESIGN4	0.78	8.67	0.60
IMPLEMEN2	0.56	6.27	0.32
IMPLEMEN5	0.86	10.93	0.73
IMPLEMEN6	0.81	10.16	0.66
IMPLEMEN10	0.61	6.98	0.38

Note: Measurements of quality of fit: $\chi^2/df = 3.34$,
RMSR = 0.10, GFI = 0.75, AGFI = 0.64, NFI = 0.67,
CFI = 0.74, IFI = 0.74, RFI = 0.58

Table II Accepted solution of the confirmatory factor analysis of the eclectic scale of measurement of the manufacturer's degree of market orientation

Table III Reliability analyses of the measurement scales

Scale	Items	Mean	Std Dev	Item-Total correlation	Alpha
Inter-functional coordination	COORDIN3	3.4414	1.4962	0.7252	0.8407
	COORDIN4	3.3784	1.4049	0.7252	
Intelligence generation	SEARCH2	3.0330	1.4640	0.3133	0.8157
	SEARCH4	3.9890	1.0903	0.4965	
	SEARCH5	3.5934	1.2016	0.5684	
Dissemination of information	DISSEMI1	3.6256	1.1400	0.4965	0.7802
	DISSEMI2	3.0137	1.3797	0.5408	
	DISSEMI3	3.2603	1.4047	0.6097	
	DISSEMI4	3.9315	1.1046	0.5212	
	DISSEMI5	3.8128	1.1115	0.6029	
Design of response	DESIGN3	4.4526	0.7824	0.3282	0.7942
	DESIGN4	3.7474	1.0716	0.3282	
Implementation of response	IMPLEMEN2	4.0879	1.0182	0.3911	0.7374
	IMPLEMEN5	3.3956	1.2007	0.4396	
	IMPLEMEN6	3.8242	1.1014	0.3455	
	IMPLEMEN10	3.3077	1.3556	0.3557	
Trust	TRUST1	3.5430	1.1095	0.5363	0.6992
	TRUST2	4.0452	0.9134	0.5363	
Satisfaction	SATISFA1	4.4009	0.6969	0.8278	0.9202
	SATISFA2	4.4054	0.6777	0.8786	
	SATISFA3	4.4324	0.6876	0.8081	

Table III Reliability analyses of the measurement scales

Table IV Goodness of fit statistics for the models of impact of manufacturer's market orientation on distributor's trust and satisfaction

Goodness of fit statistics	Non-recursive model	Trust-satisfaction model	Satisfaction-trust model
χ^2	81.13	77.30	81.06
Degrees of freedom	19	20	20
NCP	62.13	57.30	61.06
SNCP	0.35	0.32	0.34
GFI	0.91	0.95	0.91
RMR	0.029	0.019	0.029
ECVI	0.86	0.83	0.85
AGFI	0.74	0.78	0.75
NNFI	0.86	0.91	0.87
NFI	0.93	0.95	0.93
PNFI	0.39	0.42	0.41
$\chi^{2/df}$	4.27	3.86	4.05
AIC	153.13	147.30	151.06

Table IV Goodness of fit statistics for the models of impact of manufacturer's market orientation on distributor's trust and satisfaction

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Appendix 1. Measurement of manufacturer's market orientation

- We hold interdepartmental meetings at least once every three months to discuss market tendencies and development (COORDIN3).
- Staff from the different activities in our firm meet periodically for the joint planning of responses to changes in the business environment (COORDIN4).
- We meet periodically with a sample of our customers in order to find out what their present needs are and what products they will need in the future (SEARCH2).
- We systematically obtain information on the problems our distributors may have in commercialising our products (SEARCH4).
- We periodically collect information on our distributors' satisfaction (SEARCH 5).
- The information on the satisfaction of end users is systematically distributed to all the activities in our firm (DISSEMI1).
- The commercial or marketing staff devote a great deal of their time to discussing amongst themselves and with the rest of the firm the needs our customers might have in the future (DISSEMI2).
- Senior managers discuss the strengths and weaknesses of our competitors with the other managers in the firm (DISSEMI3).
- When somebody in the firm has important information about our competitors, they quickly alert staff in other activities in the firm (DISSEMI4).
- Any information that comes from the market is distributed throughout all the functions of the firm (DISSEMI5).
- We periodically revise our products to ensure they match what our final users want (DESIGN3).
- Our firm makes its market strategy compatible with the aims of its distributors (DESIGN4).
- We supply our end users with complete information so they can get the best from our products (IMPLEMENT2).
- We supply our distributors with relevant information about our marketing strategy (IMPLEMENT5).
- We carry out actions to convince our distributors of the advantages of working with us (IMPLEMENT6).
- We take an active part in actions aimed at showing the general public the social usefulness of our sector (IMPLEMENT10).

Appendix 2. Results of third round of Delphi for an eclectic scale of measurement of market orientation

Inter-functional coordination

- The different activities of our firm are well coordinated for knowing and serving our market (COORDIN1).
- Each of our managers knows how he/she can contribute to improving the end user's satisfaction (COORDIN2).
- We hold interdepartmental meetings at least once every three months to discuss market tendencies and development (COORDIN3).
- Staff from the different activities in our firm meet periodically for the joint planning of responses to changes in the business environment (COORDIN4).

Intelligence generation

- We gather information periodically to detect the appearance of any new market segments (SEARCH1).
- We meet periodically with a sample of our customers in order to find out what their present needs are and what products they will need in the future (SEARCH2).
- Our firm periodically measures end users' satisfaction with our products (SEARCH3).
- We systematically obtain information on the problems our distributors may have in commercialising our products (SEARCH4).
- We periodically collect information on our distributors' satisfaction (SEARCH5).
- Our firm attempts to obtain in-depth knowledge of competitors (current products, new products, their quality, commercial policy, etc.) (SEARCH6).
- We regularly collect information on suppliers (SEARCH7).
- We periodically analyse the effect that changes in the environment may have on our end users (SEARCH8).
- We immediately detect any important changes in our industry (SEARCH9).

Dissemination of information

- The information on the satisfaction of end users is systematically distributed to all the activities in our firm (DISSEMI1).
- The commercial or marketing staff devote a great deal of their time to discussing among themselves and with the rest of the firm the needs our customers might have in the future (DISSEMI2).
- Senior managers discuss the strengths and weaknesses of our competitors with the other managers in the firm (DISSEMI3).
- When somebody in the firm has important information about our competitors, they quickly alert staff in other activities in the firm (DISSEMI4).

- Any information that comes from the market is distributed throughout all the functions of the firm (DISSEM15).

Design of response

- Our pricing policy is decided mostly by the value placed by the end user on our products (DESIGN1).
- It takes us very little time to decide how to respond to changes in our competitors' prices (DESIGN2).
- We periodically revise our products to ensure they match what our final users want (DESIGN3).
- Our firm makes its market strategy compatible with the aims of its distributors (DESIGN4).
- We aim at markets where we have or can achieve competitive advantages (DESIGN5).

Implementation of response

- The development of our products is based on the definition of the end user's wants (IMPLEMEN1).
- We supply our end users with complete information so they can get the best from our products (IMPLEMEN2).
- We attend to all complaints from end users (IMPLEMEN3).
- Our customers can access without difficulty a rapid and efficient after-sales service (IMPLEMEN4).
- We supply our distributors with relevant information about our marketing strategy (IMPLEMEN5).
- We carry out actions to convince our distributors of the advantages of working with us (IMPLEMEN6).
- Our firm carries out planned actions to keep ahead of the competition (IMPLEMEN7).
- Our firm responds rapidly to the actions of the competition (IMPLEMEN8).
- The firm feels satisfied with the degree to which it has been able to develop the marketing plan (IMPLEMEN9).
- We take an active part in actions aimed at showing the general public the social usefulness of our sector (IMPLEMEN10).

Appendix 3. Scale of measurement of the distributor's trust

- The manufacturer's explanations of problems, such as delays in delivering orders, are always credible (TRUST1).
- When this manufacturer makes important decisions he/she is concerned for our interests (TRUST2).
- We can count on this manufacturer when we need his/her support in difficult situations (TRUST3).
- The relationship between us and this manufacturer can be described as satisfactory (SATISFA1).
- The relationship between the two firms is very positive (SATISFA2).
- We are very satisfied with this manufacturer (SATISFA3).