INTERACTION ORIENTATION AND ITS INFLUENCE ON PERFORMANCE – A THREE-COUNTRY COMPARISON

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ABSTRACT

Considerable literature in marketing is based on the marketing concept that emphasizes that a firm needs to focus on a well-defined market segment in order to stay competitive (Sheth et al. 2000). However, because of the rapid technological advancement of the past two decades and the continuously increasing variety of products and services, approaches to marketing have changed. Now that customers can participate interactively with their environments through the internet and firms can be provided valuable information on customers' desires every day, marketing must move toward a customer-based concept (Hoekstra et al. 1999). As such, it is the individual customer and not the market segment on which firms must focus in order to stay competitive.

The construct "interaction orientation" that has been developed by Ramani and Kumar (2008) addresses this research gap and implements the idea of the individual customer into four capabilities—that is, belief in the customer concept, (2) customer empowerment, (3) interaction response capacity, (4) and customer value management. Thus, the four characteristics of interaction orientation enable all customer-related activities in a business process to be carried out to improve a firm's market position.

Contrary to market orientation, interaction orientation puts the customers themselves and not the overall market at the center of marketing-related capabilities. Furthermore, it emphasizes the need to work closely with customers and highlights the relevance of financial metrics when making marketing decisions (Ramani and Kumar 2006). So far, Ramani and Kumar (2008) found a positive relationship between interaction orientation and customer-based performance outcomes.

This study deepens the understanding of interaction orientation in two ways:

First, the influence of each of the four interaction-oriented capabilities on customer satisfaction and market success is tested. Second, extant literature has conducted the link between interaction orientation and performance solely in the U.S. context. The fact that interaction orientation focuses on the individual customer and the integration of that customer's knowledge into a firm's practices and processes underscores that employees' cultural backgrounds may affect their ability to understand and implement the individual viewpoint. As such, we assume that people in Western cultures, which tend to focus on self-fulfillment and individualism, find it far easier to adapt to interaction orientation than do people in Asian cultures, where group spirit and collective thinking prevail. Therefore, the survey was conducted in three different nations in order to explore whether the four interaction-oriented capabilities depend on the cultural setting.

We collected data from firms in Germany, Thailand, and the United States and received 787 qualified answers: 381 in Germany, 262 in Thailand, and 144 in the United States.

For calculating the main effects, we used AMOS 17.0 structural equation modeling with a maximum likelihood criterion and we examined the moderating effects using regression analysis with interaction terms. Our study confirms that implementing interaction orientation positively influences a firm's competitive advantage, as there are positive links between the interaction-oriented capabilities and both customer satisfaction and market success. Moreover, national culture partially moderates the relationship between interaction-oriented capabilities and performance consequences. As such, we provide marketing managers with concrete information where interaction orientation can be most easily implemented.

References available upon request.