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IMPLEMENTING MARKET ORIENTATION IN INDUSTRIAL FIRMS:

A MULTIPLE CASE STUDY

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Abstract

The literature on market orientation is silent on the process of change involved in moving firms to a market orientation. Understanding this process is important for commodity sellers or industrial organizations with a traditional sales focus. We examine the change programs of two New Zealand-based agricultural organizations. Drawing upon Lewin's three-stage change process model (unfreezing-movement-refreezing) we identify that the creation of a market orientation involves uncovering long-held assumptions about the nature of commodity products, the nature of production and marketplace power, and the 'commodity cycle'. Moving the firm towards a new set of values involves changes in the role of leadership, the use of market intelligence, and organizational learning styles. To refreeze these values, supportive policies are needed that form closer relationships between the organization and the marketplace. The degree of refreezing affects the quality of market orientated outcomes, with less effective refreezing leading to sub-optimal market-oriented behaviors.

***Keywords*: Market orientation; Organizational change; Case studies**

Introduction

The development of a market orientation will lead to a number of positive performance outcomes [Baker and Sinkula, 1999; Deshpandé, 1999; Harris, 2000; Kennedy, Goolsby, and Arnould, 2003; McNaughton, Osborne, Morgan, and Kutwaroo, 2001; Weerawardena and O'Cass, 2004]. Although research has shown that business-to-business firms are less likely to adopt a market orientation than business-to-consumer firms [Avlontis and Gounaris, 1997; Gounaris and Avlontis, 2001; Weerawardena and O'Cass, 2004], this same research also identifies that the relationship between market orientation and performance is stronger for industrial companies than for business-to-consumer firms. To date no studies have examined the implementation of a market orientation in business-to-business firms. As many business-to-business firms have been shown to adopt a sales orientation [Avlontis and Gounaris, 1997; Gounaris and Avlontis, 2001] the implementation of a market orientation is likely to be difficult, and require top-down revolutionary change to long-held practices and beliefs [Narver, Slater, and Tietje, 1998].

Despite the identified importance of a market orientation to firm performance, the implementation of a market orientation is an issue that has remained largely unexplored in the literature [Day, 1994; Harris, 2000; Jaworski and Kohli, 1996; Kennedy et al., 2003; Narver et al., 1998]. Harris [2000, p. 619] stated, "the topic of 'market orientation' will remain perplexing to theorists and continue to be illusive for practitioners" unless studies start to examine the processes and dynamics of developing a market orientation. Narver et al. [1998] identified two paths for organizations to move towards a market orientation, although no empirical research has examined the process of change associated with adopting a market orientation. To date, only one study has examined the implementation of a market orientation [see Kennedy et al., 2003]. Kennedy et al. [2003] identified three strategies - leaders' support for change, interfunctional coordination, and the use of market intelligence, as assisting with the implementation of a market orientation. However, they did not focus on the actual *process of change* involved in adopting a market orientation. Such a focus would advance our knowledge substantially as it would identify practical implications for marketing managers and the importance of different support strategies at different stages in the change process [Narver et al., 1998]. Although the change management literature is replete with advice on the process of change *per se*, none addresses the specific processes involved in moving towards a market oriented culture; a focus which involves specific subtleties for marketing researchers [cf: Kennedy et al., 2003].

This article addresses the process of change involved in moving towards a market orientation in two New Zealand-based agricultural cooperatives. This responds to calls for in-depth studies of firms that, with or without success, have been involved in market orientation implementation efforts [Day, 1994; Jaworski and Kohli, 1993; Slater and Narver, 1995], and extends current research by examining the implementation of a market orientation in new contexts [Kennedy et al., 2003]. We address two research questions: (1) How do firms deliberately change to a market orientation? (2) What strategies are most effective during different stages of the change process in relation to affecting a market oriented culture? The article has the following structure. First, we review aspects of market orientation including issues of implementation. Second, we review various change theories, placing emphasis on Lewin's [1951] three-stage model of planned change. Third, we provide details on the two cases developed for this study. Fourth, we present the findings. Finally, we identify theoretical and managerial contributions.

Literature Review: Implementing a Market Orientation

Market orientation must be understood as a culture, rather than a set of behaviors and espoused values [Homburg and Pflesser, 2000; Narver et al., 1998] because culture mediates between strategy and implementation [Bisp, 1999; Deshpandé and Webster, 1989]. Bisp [1999] stated that the form and intensity of market orientation were manifestations of cultural commitment and strategic clarity. Market orientation is defined as "a culture in which all employees are committed to the continuous creation of superior value for customers" [Narver et al., 1998, p. 242]. A culture is "the pattern of shared values and beliefs that help individuals understand organizational functioning and thus provide them norms for behavior in the organization." [Deshpandé and Webster, 1989, p. 4]. Little research also exists on the development of a market orientation *per se*, whether cultural or behavioral.

Traditionally many New Zealand agribusinesses saw their responsibility for the product end when their produce leaves the farm / orchard gate [Crocombe, Enright, and Porter, 1991]. Marketing for agricultural products was controlled by 'single desk' sellers that engaged in generic country-of-origin marketing programs on behalf of the industry as a whole and resulted in the inability of many agribusinesses to develop diverse and innovative marketing strategies [Crocombe et al., 1991]. Agricultural producers have been under increasing pressure to develop new forms of competitive differentiation as a means of breaking out of commodity price cycles [Beverland, 2005]. The culture of commodity production represents the opposite of a market orientation [Narver et al., 1998]. Moving from commodity production to a market orientation therefore involves significant change in culture, strategic outlook, and marketing practices [Beverland, 2005; Narver et al., 1998]. Therefore, programs seeking to reposition commodities to create greater, and sustainable market value represent a rich context for studying the planned implementation of market orientation, a topic addressed next.

Implementing a market oriented culture

To our knowledge, no research has focused on implementing a market-oriented *culture*, although Homburg and Pflesser's [2000] work examining the cultural characteristics of market orientation suggests firms must adopt new (or make changes to existing) artifacts, values and deeply held cultural assumptions. To date, Kennedy et al. [2003] have conducted the only empirical examination of implementing a market orientation. Narver et al. [1998] also proposed two paths towards developing a market-orientation. The findings / propositions from both studies, and the implications for our research are identified in Table 1 and explored further below.

Insert Table 1 in here

A number of authors propose that senior management is critical to the successful implementation of a market-oriented culture [Kennedy et al., 2003; Narver et al., 1998]. However, questions remain. Firstly, are certain behaviors more effective at different stages of the change process than others? If it is important early on to challenge long-held cultural assumptions about products to drive an understanding “that there is no such thing as a commodity” [Narver et al., 1998, p. 243], for market oriented change to occur? If so, what role do leaders play in this process? Also, what strategies do they use? Do they develop mission and value statements first, and use these to drive change, or do values and missions emerge throughout the process? Triggering change may involve outside help, top management directives and formal education programs [Narver et al., 1998]. While necessary to trigger market-oriented change in commodity firms, the development of a shared vision is also vital to effecting market-orientation implementation [Kennedy et al., 2003] so that employees, through market-back learning, come to adopt new assumptions as part of their day-to-day work behaviors, eventually operating on these assumptions sub-consciously [Schein, 1992]. This suggests the behaviors of senior management, and their influence on the effectiveness of market-orientation programs changes during the duration of the change process.

Also, when is cascading leadership necessary? It is likely that cascading needs to occur because bottom-up buy-in will be necessary for market-back learning [Narver et al., 1998], and the development of widespread cultural acceptance of change [Schein, 1992]. Likewise, is emotional commitment more critical during early stages of change, given the likelihood of barriers to change and resistance to new approaches [Harris, 2000]? Also, when is driving commitment to change more relevant in effecting market-oriented change? In regards to interfunctional coordination, to effect market-oriented change established functions and their interrelationships may need to be reconfigured in order to support a market-oriented outlook.

Finally, does the content and role of market intelligence differ throughout the change process? For example, early on market intelligence identifying poor performance, the effectiveness of alternative practices, and the continued decline of the firm's performance may be used to bolster the case for change and challenge unsurfaced assumptions. Later on, market intelligence identifying positive effects of the adopted program (e.g., 'short term wins') will help reinforce market oriented assumptions and market-back learning, essential to the adoption of a market-orientation [Narver et al., 1998]. We now examine research on the change process.

Approaches to organizational change consistent with adopting a market orientation

This article focuses on examining the processes underpinning planned[1] change efforts to achieve a market-oriented culture. Such a focus is critical given calls for a greater focus on the cultural elements of market orientation, as opposed to the activities and behaviors associated with the construct [Deshpandé and Farley, 1998; Homburg and Pflesser, 2000]. The adoption of a market orientation is likely to begin with a planned process for commodity style firms [cf: Narver et al., 1998] because the greater the distance between the firm and a market orientation, the more likely such change will need to be driven (at first) from the top

[1] In their review of change theories Van de Ven and Poole [1995] identified four broad approaches to studying change – teleological, lifecycle, dialectical and population ecology. We adopt as our starting point the teleological view of change, which focuses on planned change whereby the desired end-result set by managers in goals and plans drives the trajectory of the firm. In contrast, the other theories either deal with macro-level impacts on industry clusters (population ecology), deterministic cumulative and conjunctive stages in firm development (life cycle theory), or internal conflicts as drivers of new organizational forms (dialectical) [Van de Ven and Poole, 1995]. Such models are less relevant for studies of planned change processes [Van de Ven and Poole, 1995].

down [Narver et al. 1998]. As a result we adopt as a starting point Lewin's [1951] three stage model of change because this is the most relevant change model for radical, planned change, including moving from a commodity focus to a market orientation [Narver et al., 1998].

Lewin's three-stage change theory

This article examines the adoption of a market orientation from the perspective of Lewin's [1951] force field model of change[2]. This model characterizes change as a "state of imbalance between driving forces [pressures for change] and restraining forces [pressures against change]" [Wilson, 1992, pp. 8]. To effect change, managers must change the equilibrium between driving and restraining forces by creating pressure in favor of change [Burnes, 2004; Lewin, 1951]. This requires managers to *unfreeze* past practices associated with the status quo. As a result, 'unlearning' is critical to a learning orientation, and the development of a market orientation [Narver and Slater, 1995]. Unlearning involves the ability to question past assumptions [Narver and Slater, 1995]. This involves the uncovering of long-held, unchallenged, cultural assumptions concerning the 'right way to do things' [Schein, 1992]. As these are often sub-consciously held they must first be resurfaced through a change intervention. This unfreezing process may involve heated debate, and energize forces against change [Wilson, 1992]. Barriers to the development of a market orientation include threats to stability, fear of change, a belief that market orientation is inappropriate for the firm, and a fear of marketing-driven myopia (that is, focusing on serving the customer would result in the firm losing sight of their core values) [Bisp, 1999]. In summary, unfreezing involves surfacing and challenging past assumptions and practices.

[2] In a thorough review of theories of change, both Burnes [2004] and Wilson [1992] concluded that although many planned change models exist, they retain the essential characteristics of Lewin's original model.

Should long-held cultural assumptions be surfaced and unfrozen, managers need to *move* the firm to a new set of assumptions [Lewin, 1951]. The identification of the need to adopt a market orientation is just the start of the change process [Bisp, 1999; Lafferty and Hult, 2001; Narver et al., 1998]. Lafferty and Holt [2001] proposed that incentives and training in the use of gathering and using market-based information were needed to operationalize these values. Narver et al. [1998] predict that movement will involve the following practices: deliberating role modeling; paying attention to, measuring and controlling organizational phenomena; reacting to critical incidents and crises; and creating creative tension.

Managers must then *refreeze* cultural assumptions to affect a new state[3]. Depending on the degree of change necessary [Narver et al., 1998] refreezing may involve wider changes to firm structure and systems [Becker and Homburg, 1999; Day, 1994; Kohli and Jaworski, 1990]. This is also likely to involve 'market-back learning' (learning from doing) as this reinforces the values of market orientation [Slater and Narver, 1995], and is consistent with the requirements of cascading leadership to effect market-oriented change [Kennedy et al., 2003]. Bottom-up buy-in is necessary for the development of effective market orientation [Bisp, 1999]. Critically, a learning orientation is necessary to ensure the refreezing of market-oriented cultural values [Baker and Sinkula, 1999; Lafferty and Holt, 2001; Weerawardena and O'Cass, 2004]. For example, Baker and Sinkula proposed that a learning orientation is a resource that influences the quality of market-oriented behaviors, "Firms may have a market orientation, but the quality of their market-oriented behaviors may be weak relative to other firms" [1999, p. 305]. In this scenario, employees are able to learn how to learn (generative learning) which involves constantly reflecting on past strategies and approaches to business

[3] While the refreezing process can result in institutionalizing practices that may subsequently need to be unfrozen due to later environmental shifts, Lewin saw the refreezing process as one that only approached equilibrium, rather than being a stable state [Burnes 2004].

rather than just learning through adaptation (trial and error) [Bell, Whitwell and Lukas, 2002]. Baker and Sinkula [1999] propose that the adoption of such a learning process will result in higher quality market-oriented outcomes. Yakimova and Beverland [2005] support this identifying how firms with the behavioral characteristics of a market orientation [cf: Homburg and Pflesser 2000], could not effectively act upon market driven information due to poor learning styles. At this stage, leaders are likely to play a lesser role in driving change [Narver et al., 1998], as employees must reinforce market-oriented assumptions through practice [Baker and Sinkula, 1999]. In summary, refreezing involves institutionalizing assumptions and practices consistent with a market orientation.

Methodology

The use of qualitative methods is appropriate when studying complex processes [Eisenhardt, 1989; Matthyssens and Vandenbempt, 2003; Yin, 1994]. A multiple-case approach was chosen due to the complex nature of the phenomenon at hand, and the need to take into account a large number of variables [Lewin and Johnston, 1997]. This study used the multiple case study approach of Eisenhardt [1989]. Eisenhardt proposed that richer theory could be generated with multiple case studies, as opposed to one single case. Eisenhardt also contended that the use of secondary data and multiple interviews in each case would help develop rich insights, and provide the basis for greater transferability of the findings to other contexts. These methods were adopted in this study.

Cases were selected using theoretical sampling [Strauss and Corbin, 1998]. Two cases were selected for study – Merino NZ [MNZ] and the New Zealand Game Industry Board [NZGIB]. Both cases were selected because of their high profile marketing successes, which assisted both industries turn around their ailing fortunes. Also, the simplicity of each case's competitive scenarios and strategic responses, relative to larger, more complex producer boards, made these two cases more attractive. Finally, each case was selected because their programs had largely been developed, and each was now undergoing evolutionary change whereas, at the time of data collection, many other Boards were subject to Government-sponsored reviews, or undergoing substantial changes processes where the outcomes were less certain.

Prior to each interview, publicly available secondary material and promotional information provided by each Board was reviewed to increase the first author's familiarity with the case. The first author conducted interviews at each Board's head office in New Zealand. In total, nine in-depth interviews were conducted (three at MNZ, six at the NZGIB). Each interview lasted for on average four hours (range - three to eight hours). Given the control that both Board's had on their respective industries, gaining insights from Board representatives and full-time employees was judged to yield the richest source of information of the process of change because each participant had been involved in the change program. At MNZ three interviews were conducted (this Board was substantially smaller than NZGIB). Interviews were conducted with the CEO, marketing manager, and marketing representative. At the NZGIB six interviews were conducted. Interviews were conducted with the brand developer, current Chairman, the largest exporter, marketing manager, and three past Chairs that had been involved in the change program (all were deer farmers). Interviewing stopped when saturation occurred – that is, when extra interviews began to yield few new insights [Strauss and Corbin, 1998].

Questions focused on gaining a descriptive history of the motivation for change, the pressures for and against change, major objections, supportive programs, and ultimate successes / reasons for failure. Following the primary interviews, further information provided by the interviewees, or sourced by the authors was examined. This involved a widespread search of government documents, mandated reports, industry conference proceedings, books, conference papers, and consultant's reports on each case, as well as a search of a local NewsIndex database to cover 10 years of history of each Board. This enabled us to examine farmers and customers views of each Board's respective programs (due to issues of accessibility customers and farmers were not interviewed directly). In regards to farmers, as they did not drive the change once the vote was taken to move towards a market orientation, secondary data and notes from industry forums soliciting feedback (often highly critical) on the change programs were used instead of interviews. Customer feedback was accessed through industry conferences (again much of it critical), secondary publications, each Board's website, and trade press articles on the programs. Over 120 documents were sighted for this study. Together these multiple sources improved the quality of the final interpretation and helped ensure triangulation [Strauss and Corbin, 1998; Yin, 1994]. The unit of analysis was each case studied. Therefore, information from each interview and the secondary sources were combined into one case manuscript. In total this process resulted in a transcript of 103 pages (45 for MNZ, 58 for NZGIB).

The cases were analyzed using Eisenhardt's [1989] method of within-case and cross-case analysis. Firstly, each case was analyzed to gain a richer understanding of the processes each underwent to move towards a market orientation. A time line was developed for each. As each case achieved different degrees of market orientation, the cases were then compared to analyze similarities and differences and to gain greater understanding of the processes involved. Theoretical categories were elaborated on during open and axial coding procedures [Strauss and Corbin, 1998]. Throughout the analysis we tacked back and forward between literature on change and the data, which led to the development of a number of theoretical categories and sub-categories [Spiggle, 1994]. Such practices are consistent with other studies on implementing market orientation [Kennedy et al., 2003].

Throughout the study, a number of methods for improving the quality of the research were adopted. Firstly, experts were used to help select the cases; two researchers provided independent interpretations of the findings; multiple interviews were conducted; and respondents were given the opportunity to provide feedback on initial findings, all of which reinforced reliability. While colleagues performed independent coding of the transcripts, interviews were conducted by the same interviewer, reducing the role of bias [Lincoln and Guba, 1985; Strauss and Corbin, 1998].

Findings

Background information on each case and the lead up to implementing market-oriented change are provided in an appendix. We suggest readers view this before examining the findings further. Information detailing the situation prior to and after market-oriented change for each case is identified in Tables 2-3. Lewin's three-stage model of change was appropriate for capturing the change processes of both cases, and explains the difference in outcomes between the two cases. Each of Lewin's three-stages is addressed below.

Insert Tables 2-3 in here

Unfreezing

Both cases had to unfreeze long-held assumptions before they could implement market-oriented change. Poor returns, declining market share, and industry rationalizations provided the rationale for each Board to change. Both Boards engaged in vigorous and acrimonious debate concerning the nature of the 'product' and its position in the market. The following quote, recorded at a wool industry conference in 1997, identifies the split between those pushing for change, and those opposing it:

> "At four per cent of the world textile supply and falling, wool should be a rare highly sought-after fiber…. but we have got things seriously wrong. This generation's fabric designers are unaware that wool characteristics could give them interesting variations and enable wool to set new directions in design and finish. The obvious has been completely overlooked – the natural differences which occur in wool from animal to animal, strain to strain and across strains. These natural characteristics are a fabric designer's dream, but unfortunately are not available to them. "

Management at each Board faced entrenched opposition from farmers and some elected Board members that was driven by an enduring belief that both venison and wool were intrinsically commodities, and that short term price falls were just part and parcel of being in an agricultural industry. These individuals were advocates of continuing the status quo. For example:

> "In the real world wool is struggling to attract consumer dollars. Whether some people like it or not wool is a commodity. Whether it was the finest Merino or the coarsest crossbred, wool was an industrial raw material, an ingredient product that was neither

used nor ornamented in its raw state. Consumers did not buy raw wool but finished products that they wanted." [Wool Conference Speech 1997]

In both cases, historical data was used to identify the long-term nature of falling market share and returns (despite investments in generic promotion, research and development and efficiency improvements). This objective information was used by those pressuring for change to call for a radical rethink to each Board's approach, and was particularly successful in encouraging unfreezing. In particular, emphasis was placed on developing brands, delivering value to customers based on their needs, and moving away from pipeline efficiencies.

Further cultural assumptions were also challenged. In both cases key cultural assumptions such as the 'nature of interaction with the environment' (passive acceptance of commodity cycles *versus* proactively changing the market's rules), 'nature of value' (commodity *versus* brand), 'the nature of relating' (antagonistic *versus* trusting), and the 'nature of time' (future focused *versus* past focused) [Schein, 1992] were challenged. These are listed in Tables 2-3 for each case. Typical of the approach to unfreezing was the call for widespread changes to marketing practices, positioning, and the assumptions that underpinned these behaviors. During the unfreezing phase, both cases questioned the totality of how they conducted business, and whether their current structures were to blame for poor performance.

Those advocating change in both cases sought to build coalitions and political support for the change as a means of overcoming entrenched resistance. In both cases statistical evidence was collected to identify that the industry's current state was not just due to normal seasonal fluctuations. Also, evidence was presented to show the downward trend in real returns for commodity producers, and the effect that price uncertainty had on the size of the marketplace. Those advocating change also sought powerful supporters for their cause. For example, in 1998 the then Minister for Agriculture told a MNZ conference he was wearing a suit of 100 per cent NZ Merino wool, which would retail in Italy for NZ$2,000, although farmers would receive only NZ$80 at auction for the wool. Such emotive examples assisted those seeking change because their message focused squarely on what was possible to achieve. During this process, information was communicated via formal conferences, and newsletters and industry journals. This information was then used by those advocating change in peer-to-peer discussions. Since each Board required a mandate from its members for change, grass roots support for change was critical.

Both cases followed the same process during the unfreezing phase – seeking to uncover and then challenge past assumptions. To do so they built up a powerful case linking past strategies and assumptions about the product, the nature of the industry and the adopted strategic outlook to continued declining performance. As well, they sought to communicate an image of a possible future, emphasizing key aspects of market orientation including rethinking customer and network member relations, an emphasis on customization and branding, and seeking to add value. Both Boards also sought to overcome resistance to change through the development of a coalition of industry members, key buyers, marketers, and even government stakeholders. During this phase, the emphasis was on increasing the forces for change and decreasing resistance to the idea of change [cf: Lewin, 1951]. The unfreezing phase ended when there was formal agreement for change to occur, and authorization (from a formal vote by members) given to build the basis for a new market oriented approach. Following this the movement phase began.

Movement

Once past assumptions had been successfully unfrozen and challenged, it was incumbent on senior leadership to develop alternative approaches (i.e. change programs) and then move their members towards the adoption of these programs. The first strategy to encouraging the movement towards a market orientation was to identify a strategy that fit with the resource base of the industry and its members. Details of both strategies are provided in Tables 2-3. In both cases, a market-oriented vision that could be accepted by as many members as possible was necessary. This identifies the importance of developing buy-in among influential organizational members before embarking on market-oriented change [cf: Wilson, 1992]. For both cases, market intelligence during the movement phase served three roles. Firstly, research was conducted to identify market opportunities prior to brand development. Secondly, research was conducted with key buyers prior to the launch of the proposed strategy. Thirdly, results were communicated to members to gain support for the program and continue the momentum in favor of change. For example, the NZGIB conducted research on perceptions of venison in America as part of a strategy to target high-end US restaurants. Although the results reinforced traditional perceptions of venison they also highlighted sources of positioning – country of origin and nutrition. Research also highlighted the need for a dual marketing program targeting both end-consumers and channel buyers. As a result, a unique strategy started to take shape that involved investing the majority of marketing resources into trade programs, and using high profile chefs and sporting stars to build consumer awareness. Through this process, research results were communicated to members through a new internal marketing program including the development of a web page, newsletter, industry conference, and regional workshops.

Also critical during this period was the reconfiguring of established systems and functions, and the development of new ones to support the desired positioning. For example, the NZGIB had developed a number of quality programs to ensure deer were not stressed prior to processing (which affects the quality of the meat). These included fragmented programs covering transport, processors, auction, and farming. These were grouped together under an all-encompassing program called ‘From Pasture to Plate.’ MNZ developed a similar program entitled ‘fleece to fashion’. Both programs sought to identify the newfound scope of responsibility farmers had for their product under a strategy focused on building brand value.

Despite the consistencies between both cases, one key difference that emerged at this stage surrounded the use of auctions to set prices. This was to have a profound effect on the success levels of both programs. Both cases sought to create sustainable markets and sources of value for their members. However, during this phase MNZ brought both industry members and channel buyers together to discuss mutual problems and possible solutions. For example:

> “We would work right from the farm right through the scourers, spinners, weavers, knitters, and the whole chain. What we are doing is opening up everybody’s books along the pipeline to get some real transparency in the system. Everybody has shown each other what their profit margins are - we have got it down to that level of transparency.” [MNZ]

Emerging from these discussions was a shared understanding of the need for consistent supply and prices before any brand program could work. This was especially the case because inconsistent supply (brought on by hoarding in an attempt to push up commodity prices) made planning by customers difficult, and specialist processors in the channel had very little ability to absorb upward changes in price. By way of contrast, the NZGIB remained unaware of this issue during the development of their program and thus built in measures that focused on increased auction prices as the key driver for program success. This was driven partly through ignorance of the need for changes in pricing mechanisms to support the brand's position, partly due to the larger scale of the industry, and due to the multiple uses of deer[4]. As a result, MNZ were more successful at developing desired new cultural assumptions in regards to channel relationships. Effectively they challenged the old adversarial view towards channel members, and developed programs that saw all channel members as necessary to the future survival and prosperity of the industry. As a result, MNZ developed a program to encourage farmers to sign fixed term contracts with key buyers (by 2004 40 per cent of sales used exclusive contracts for very large buyers). In contrast, the NZGIB stuck with their original plan, and continued to use auctions, which ultimately would affect their ability to refreeze new assumptions because auction driven inconsistencies in price and supply undermined the brand promise and relationships with key buyers who could tolerate little uncertainty.

In each case management needed to overcome market skepticism to the programs and challenges to their power. For example:

> "It was very, very difficult for us to sell this strategy. We had some hard difficult negotiating to do with these big garment companies because they are not used to being 'pushed around'. The retailer really has the strength because in every market it is the retailer that has the strength because at the end of the day it is a retail buyer that places the order, not the manufacturer. Obviously we have to do development work with the manufacturer because you need that 100 per cent New Zealand grown material coming

[4] Deer can be processed for meat (venison), velvet (antler powder used in traditional Asian remedies), leather, and other body parts (hooves, tails, and sexual organs also used in Asian remedies). The Cervena program only covered the highest quality meat, while markets were still required for lower quality cuts.

> through the pipeline to satisfy the retailer, but if the retail buyers specify New Zealand Merino in advance it makes what we are doing so much easier." [MNZ]

During this period, the tone of communications changed from argumentative (unfreezing) to educational, and from top-down, to increasingly collaborative as management sought to build support for their programs through involving key members and customers. Also, small successes, such as initial positive feedback about the emerging program were communicated to members to gain support for the changed approach, and importantly securing resources (levies were compulsory but each year there was pressure to reduce them). During the movement phase, bottom-up buy-in started to occur because although the initial debates during unfreezing identified the need to 'do something different', the exact details of the new program needed to be established and saleable to customers and members. By involving both sets of stakeholders in the development of the program, both Boards were able to claim legitimacy for the final strategy.

In summary, the factors identified as driving market orientation implementation changed from the unfreezing stage to the movement stage. Leaders needed to move from building a case for change, to negotiating a shared mission and developing a set of tactical strategies. Also, they needed to combine their previous top-down approach with a more negotiated style in order to achieve buy-in from key stakeholders. Market intelligence was being gathered to identify market opportunities, with plans needed to be adapted in the face of market feedback. Communication strategies also changed, with emphasis a new emphasis on educational communicating feedback on early successes. As such, change was a combination of programmatic and market-back. The focus on interfunctional coordination moved from criticizing past arrangements to reconfiguring old systems and building new ones. The movement stage ceased when both firms implemented their strategies by announcing their launch to their respective industries. Following this phase, refreezing needed to occur.

Refreezing

Refreezing involves institutionalizing the assumptions developed during the movement phase [Burnes, 2004]. Tables 2-3 detail the different outcomes with respect to market orientation experienced by both cases. We propose that the sustained success enjoyed by MNZ, and the short term success followed by industry crisis experienced by NZGIB can be explained by the different strategies of each Board during the refreezing process. During the refreezing phase, reinforcing the new market-oriented assumptions was critical. This can be done with a combination of methods including building systems that ensure feedback between market-oriented actions and success, communicating successes, staying on message, celebrating market oriented values through new artifacts such as stories and myths, and rewarding people for market-oriented behaviors. Both Boards adopted a number of methods for reinforcement, although the inability to build effective feedback systems saw the NZGIB fail to reinforce their market oriented values.

As a means of reinforcing market-oriented values, both Boards focused extensively on communicating short-term wins to their members (usually through newsletters), and engaged in public relations activities to raise the profile of each industry in New Zealand. During this phase, communications were celebratory (communicating short term wins), educational (communicating new programs and approaches), and persuasive (focusing on the need for ongoing commitments to the program and further funding). Both Boards tried to lessen their role in the process and allow for bottom-up buy-in through market-back learning. [cf: Narver et al., 1998]. The following example was extracted from an industry workshop held by the NZGIB during this period:

> "It is important for farmers to try and find some sort of balance whereby the farmers, the venison processors and exporters, and the meat processors and exporters are comfortable that they can actually supply a product at a price that is profitable for everyone, rather than seeing each other as competitors and attempting to get as much margin out of each other as possible." [NZGIB]

The quote focuses on responding to how farmers ought to work with business buyers under a market orientation. Since each buyer has their own specific needs, farmers were complaining of the need to adapt to different demands. The NZGIB attempted to reinforce the assumptions of a market orientation by suggesting the benefits that would come from an increased commitment to fewer buyers. This continued emphasis on the program's goals was a hallmark of the refreezing phase, although it was constantly undermined by the lack of supportive policies ensuring feedback between performance outcomes and market-oriented actions.

The differences between the two cases approach during this period relates to the increased use of customized feedback systems that enabled adaptation to individual customers needs by each grower with MNZ, versus the use of one price schedule for venison farmers. Both Boards focused on quality improvement, although MNZ went one step further and built systems that enabled growers to may ongoing improvements in their product to suit the need of individual buyers (whereas the NZGIB members would be slow to react to customer-driven changes because they would have to change the entire generic program). For example, MNZ's made changes to the way wool was graded and sold. Previously, customers had no ability to identify where the wool came from, nor any scientific evidence for the quality of the wool. As there was no feedback loop, farmers also had little market-based information to inform improvements to farming practices, which could lead to improvements in wool quality. As a result, MNZ invested funds in central grading facility called 'PAC.' After shearing, each fleece was now separately bagged and graded scientifically, providing better information to customers. Now each fleece can be linked back to an individual animal, farm, and customer. This information enables growers to identify which fleece went into each bale and what that bale sold for. This improves on-farm decision-making, and allows the grower to make improvements based on individual customer requirements.

The market intelligence provided by the PAC allows each farmer to fine tune their approach and critically, to 'extract causality to identify the benefits of the programs' [cf: Kennedy et al., 2003]. In the case of MNZ they were able to illustrate a causal link between their activities, and market-based success. This also enabled farmers to engage in a market-back learning orientation (or generative learning) [Baker and Sinkula, 1999; Narver et al., 1998]. Such a result meant MNZ not only had a market orientation, they also enjoyed high quality market-oriented outcomes, and drove markets through new innovations with buyers such as co-developed products like 'Zealander', 'Opossum Wool', and 'Denim Wool'. In contrast, the NZGIB did not develop intelligence systems that could identify the benefit of this one program to the overall industry. For example:

> "That's part of the fact that everyone was active in the market before we got there. If you were starting with a new market and no one actually had any market share you could probably sort out some territories. We might have factored in transparency in so that the benefits of the program to the producers could have been seen. You might have asked the exporters to have a second [pricing] schedule for branded sales." [NZGIB]

As a result, farmers voted to make the brand program (which only accounted for 10 per cent of sales) financially independent in 2001 under the banner ‘Who Benefits, Who Pays’ whereby market-oriented programs had to be funded by those who directly benefited. This resulted in a counter movement that undid some of the changes, and limited the refreezing that could take place. As a result, while some market-oriented objectives were achieved, they were of lower quality than MNZ, and, by 2002, the industry as a whole entered its worst downturn in a decade (the situation had worsened by 2005), although branded venison prices have fallen less, and customers still retain interest in the program.

During this time, NZGIB communications changed from an educational tone to a more critical one, whereby Board members sought to regain the momentum by working within the current framework of auction pricing. What was needed was path breaking change [Siggelkow, 2001] whereby the rules of the game were radically changed rather than path driving change whereby the NZGIB continued to reinforce structural aspects of the old system that were no longer appropriate. For the NZGIB, the inability to move farmers away from auctions continued to lead to market-based problems, and undermined relationships with key buyers. This impacted on the quality of market-oriented behaviors [Baker and Sinkula, 1999], and the NZGIB leadership must once again defend its approach, and attempt to drive radical changes to the method of supply in venison markets. In contrast MNZ used the auction system to create interest in wool by running a finest wool competition whereby the world’s wool buyers bid once a year on the finest wool bale.

In summary, refreezing involved building tight inter-linkages between strategies, cultural assumptions, supportive structures, communication and leadership style, and learning style.

That is, implementing a market orientation requires the development of a multi-layered (culture, systems, structures and strategies) self-reinforcing system. Refreezing was dominated by bottom-up driven change, with top down change taking an educational and celebratory role. During this stage reinforcement of market-oriented values requires market information that builds causal linkages between actions and performance. Refreezing was also achieved through the encouragement of customization and innovation driven by interaction between farmers and customers (and made possible by increasingly targeted market intelligence).

Discussion

This article addressed two questions. First, we identified that Lewin's [1951] planned change model captured the dynamics of adopting a market orientation. Secondly, we combined planned change theories with the limited research on implementing a market orientation. We posited that leadership, the form and use of market intelligence, the form of interfunctional coordination, learning style and challenges would change across the three phases of unfreezing, movement, and refreezing. Based on a comparison of two cases, we identified how the role and importance of these variables changed across the three phases of the change process (see Table 4). This was supported with real time industry data, providing the first examples of the process of change towards market orientation. As such, this article both identifies new insights, and extends extant theory by building on the results of Kennedy et al. [2003] and Narver et al. [1998].

Insert Table 4 in here

The adoption of a market orientation by the cases illustrates the complex and often politicized process involved in implementing marketing programs. To implement a market orientation, the marketers studied had to overcome a lack of influence and formal power. As a result they formed coalitions with key stakeholders, used market research to influence organizational members, and had to continue to build and sustain support for a market orientation throughout the change process. To date, little emphasis has been placed on marketer's political role within firms even though this is necessary to implement marketing programs. Future research needs to examine how marketers effectively implement strategies given that they often have little direct authority over functional areas critical to the implementation of market orientation.

Limitations and Future Research

There are several limitations to this research. First, the study of processes would be improved if it were conducted in real time, and longitudinally rather than relying on historical information and interviewee recall. Future research should examine the change process involved in moving to a market orientation as part of a longitudinal, participant-observer study. Also, the findings relied heavily on the recall of a few organizational members, whereas future research would benefit from interviews conducted with a wide range of stakeholders. The results herein could have been improved by interviewing farmers and members critical of the programs undertaken to uncover further cultural assumptions behind opposition to change. This would identify the tension involved in managing across different levels of culture including those at an organizational, functional and individual level. Finally, these results focused solely on radical planned change efforts. Future research could examine more evolutionary, emergent efforts, perhaps with firms closer to a market orientation. Also, research should be conducted in different cultural contexts and different organizations given that the findings here are focused on one country, and two cases of a specific form of organization.

Implications for Managerial Practice

The findings give rise to a number of managerial implications. First, the stage model of change identified in Table 4 provides the beginning of a road map for managers seeking to implement market-oriented change. Although the organizations studied underwent revolutionary change, such a process can be adopted to firm's requiring more evolutionary change efforts. For example, firms that already have a set of market-oriented values but struggle to implement them effectively in the marketplace may be able to skip the unfreezing and movement stages and address issues of refreezing, perhaps by building in feedback systems and identifying short-term wins.

Secondly, marketing managers seeking to implement marketing strategies in industrial firms often need to draw upon a wide range of organizational members (usually outside of marketing) and key customers to effectively do so. The cases identify a number of important political strategies associated with implementing marketing policies. Marketing managers thus need to sell the benefits of change to non-marketing staff prior to undertaking a change effort. This is part of an important coalition building process within the firm. Also, marketers will need to gain top leadership support for the change, and ensure this support will continue over a sustained period. The stages identified in Table 4 will help marketers to brief senior managers on their roles over the change period.

Thirdly, marketing managers must integrate market-oriented culture, learning style, and systems and structures in order to ensure effective refreezing. To ensure the co-development of such an integrated system marketers will need to give consideration to the development of educational materials, reward systems, methods of working together, systems that provide clear feedback loops between the actions of employees and performance, and reward employee-driven innovation. Change to reward systems and the encouragement of employee risk taking (to challenge past practices) will help ensure a market-back learning style that will help reinforce a bottom-up commitment to market-oriented change. (The role and characteristics of such change champions, and the management of such individuals needs further research.) Such changes will require cross-functional support and again highlight the need to build collations of support with other functions in order to undertake successful market-oriented change efforts.

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Appendix 1: Background information on each case

The New Zealand Game Industry Board (NZGIB) To gain market power the NZGIB was formed in 1985 with the explicit aim of coordinating the growth of the deer industry in New Zealand. The Board is a statutory body and has the power to levy all industry members (farmers, processors, and exporters) to fund generic research and development, quality programs, and industry level marketing strategies with a specific focus on developing export markets. Unlike other boards (statutory monopoly boards are typical of many agricultural industries in Australasia) the NZGIB does not trade in product; rather they develop generic campaigns that run in parallel with the individual branding programs of processors. The success of the NZGIB would be measured in increased market share *and* increased commodity prices. From 1985-1990 the NZGIB was successful in creating low price export markets for New Zealand farmed venison, eventually dominating the market (New Zealand is currently the largest deer *farming* nation with a total stock of 1,600,000 animals). The main market continued to be Germany, although this market was very competitive, controlled by six buyers (who colluded to set prices), and demand was driven by traditional game consumers who wanted to consume 'wild' deer during two traditional hunting festivals. Also, major buyers used venison from different countries to develop their own branded blend. As a result they were reluctant to cooperate with the NZGIB who wanted to develop a country of origin program capitalizing on the positive environmental image of New Zealand among Germans. As well, the farming of venison under strict quality controls (developed by the NZGIB) had led to higher quality products (wild venison naturally has large variations in quality, cut size, tenderness, and taste), greater production efficiencies, yet prices received were falling. The Chernobyl disaster, which saw radioactive fallout spread across traditional foraging grounds for European deer saw consumers refuse to eat venison. Without a clear market identity, New Zealand venison was treated no differently to European and the world price plummeted, resulting in many farm bankruptcies, the closure of New Zealand's one specialist venison meat processing plant, and the exit of several other processors from venison production. Because of this rationalization, the NZGIB was charged with creating more sustainable markets for venison, including the development of New Zealand owned brands (for an overview of the Cervena brand see Beverland, 2005), and high value niches in new markets. As of 2004 49% of venison exports went to Germany, with the rest being sold in (in declining order of sales) Belgium, Sweden, France, USA, Austria, Switzerland, Italy, Netherlands, UK, and others.

Merino NZ (MNZ) Up until the early 1990's New Zealand wool was sold through the International Wool Secretariat (IWS), which consisted of Australian, New Zealand and South African wool farmers. The IWS had developed the Wool Mark program as a means of stabilizing prices and increasing market share. The New Zealand Wool Board was responsible for regulating the industry, and unlike the NZGIB, had 'single desk seller' powers – that is, they were the only entity in New Zealand allowed to market and sell wool. Wool prices were artificially held up through stockpiling. This unsustainable situation ended in the early 1990s when wool price guarantees were removed and returns to growers plummeted. Merino wool makes up less than five per cent of the total New Zealand wool clip, and was usually blended in with other coarser wools, or Merino from Australia or South Africa, which due to climatic conditions is not as strong, or as fine (in microns) as New Zealand merino. The small size of the Merino industry (4 per cent of the total clip) within the overall New Zealand wool farming community (the Wool Board was controlled by farmers who voted on strategies) meant that these growers had little voice, and their higher quality products, desired by luxury fashion houses, had little identity or value. Following New Zealand's withdrawal from the IWS in 1994, Merino growers began petitioning the Wool Board to exit and form their own industry grouping. They were successful and in 1995 launched Merino New Zealand (without single desk selling powers) – an industry development organization dedicated solely to marketing New Zealand merino fibre. In 1996, following extensive market research, the New Zealand Merino brand was launched and was targeted at the world's best cloth processors and leading fashion brands. Like the NZGIB, MNZ is funded by a compulsory levy on farmers (although not processors) and is run by a full time marketing team and an elected board. MNZ is also responsible for industry development, market development and growth, price maintenance and the development of industry owned brands. In contrast to NZGIB, MNZ is a niche strategist, accounting for just two percent of world fine wool sales.

Table 1
Research results on implementing market orientation

Study	Focus	Results	Implications
Kennedy et al. [2003]	Compared two schools attempts at implementing market orientation. Offered explanations as to why one succeeded and the other failed.	Senior leadership support consisting of: connectivity to ownership for change; high degree of commitment intensity and emotion; cascading leadership; driving commitment to change.	Are certain leadership behaviors more effective during each of the change process? What role does leadership have in culture change? Do leadership style, intensity and commitment need to change throughout the change process?
		Interfunctional coordination consisting of: complex interlocking customer orientation; internalized shared mission and vision.	When do shared visions and missions need to be developed? Do these emerge through the change process, or do they drive it? Also, is this process top down or bottom up (or a combination)?
		Market intelligence consisting of: extracting causality from robust stakeholder data; tying operational performance to customer requirements.	Will the content and role of market intelligence be different throughout the change process?
Narver et al [1998]	Proposed firms sit on continuum from commodity focused to market oriented.	Firms further away from market orientation would require greater degrees of change, which is more likely to be driven by top management. Firms closer to market-oriented end likely to go through evolutionary change that is bottom up.	At what stage of change do managers need to move from a top down approach to a bottom up one? What strategies will achieve this?

Table 2:
NZGIB Before and After Market Oriented Change

Organizational characteristics	Before	After
The Organization		
Structure	Government mandated industry body with marketing staff and elected board. Members fund generic marketing support.	Government mandated industry body with marketing staff and elected board. Separate brand programs (labeled with the brand name 'Cervena') now franchised and run by councils of franchisees and Board (funded by franchisees).
Markets served	Primarily Germanic countries. Sell meat and leather on commodity exchanges. Antler velvet and animal parts (penises, tails, and hooves) sold unprocessed to Asian agents.	High quality targeted at up-market restaurant buyers and specialist meat sellers; lesser quality cuts sold to mass retailers as unbranded. Skins sold to international tanners that sell direct to profile brands such as BMW. Antler markets same as before although antler powder now sold to high-energy drink manufacturers as a branded ingredient.
Market orientation		
Culture	Short-term focused: Responsibility for product ended at farm gate; commodity cycles natural; product focused; customers and network members viewed as antagonistic.	More longer-term focused: 'Pasture to plate' view of responsibility for product although marketing activity viewed by members as a cost that should be borne by those who directly benefit; greater on-farm responsibility but still commodity cycle focused; view network members and customers as partners.
Focus of organization	Price, product and production efficiency.	Product quality, support programs, brand, and relationships.
Customer orientation	Focused on price. No orientation towards leather processors, and Asian medicine channels controlled by agents.	Support services surrounding brand directed at segments. Programs developed in conjunction with network members. Disconnect in relation to pricing and supply stability.
Competitor orientation	Viewed competitors as other deer selling nations.	NZGIB now views competition as other meat producers regardless of type. This view not shared fully within industry, but is dominant.
Interfunctional coordination	Antagonism between supply chain members.	Recognition of mutual dependence, and greater coordination between farms and processors, including adoption of processor specific on-farm quality standards.
Performance outcomes		
Customer perceptions	Large supplier of high quality low priced venison. Skins viewed as low grade.	General belief in superior product quality and latent desire to support NZGIB, but support now conditional on price and supply stability. 95% of skins A-grade.

Financials	In 1992 price per kilo $NZ5.70. Total export value in 1992 NZ$100 million, total exports NZ$55 million.	Height of success in 2000-01 economic farm surplus for deer NZ$1,000 per hectare. 2004 figures $NZ26 per hectare and judged unsustainable. Price for venison per kilo 2004 $NZ3.75 (down from $10 in 2001). Programs added NZ$108 million in value 1998-2003 (on total average yearly sales of approximately NZ$236 million). 2004 value NZ$213 million.

Table 3:
MNZ Before and After Market Oriented Change

Organizational characteristics	**Before**	**After**
The Organization		
Structure	Government mandated industry body with marketing staff and elected board. Members fund generic marketing support.	Government mandated industry body with marketing staff and elected board. Members fund generic marketing support.
Markets served	Unknown – product simply blended with other wools and sold in bulk.	Targets the 'Merino NZ' ingredient brand at elite cloth processors and fashion houses. Will also provide non-branded lesser quality wool to elite customers for secondary labels. Joint innovation with high profile fashion brands.
Market orientation		
Culture	Short-term focused: Responsibility for product ended at farm gate; commodity cycles natural; product focused; customers and network members unknown.	Long-term focused: Farm to fashion view of responsibility for product; brands a source of value; customers and other network members viewed with respect; understanding of mutual dependence with channel members; value focused.
Focus of organization	Product and combined size.	Brands, customer oriented value creation processes and relationships.
Customer orientation	None.	Relational; very customized focus; customers can request individual animals from any farm; farmers deal direct with customers.
Competitor orientation	Other wool producers.	Competing directly with all fibres.
Interfunctional coordination	None, complicated 11-member channel viewed as enemies, no interaction.	Close ties between farmers, board, research and development, marketing, and channel members.
Performance outcomes		
Customer perceptions	Increase in price would lead fashion houses to switch to manmade fibres. Increased marketing spend and declining market share. Woolmark program had high awareness but little value.	Overwhelming support among customers for NZ Merino, product of choice among leading processors such as Loro Piana, MNZ ingredient brand valued by fashion houses and features inside branded garments, sales of Merino products by fashion labels to end consumers at all time high.
Financials	Prices had been declining 3-6% per year over 20 years.	Difficult to assess as prices no longer based on auction price, but are negotiated privately. Industry and farmers report prices are sustainable and industry is the

healthiest it has been.

Table 4:
Key roles, activities, and challenges during market-oriented change process

	Unfreezing	**Movement**	**Refreezing**
Time of each stage	NZGIB: 1 year MNZ: 1 year	NZGIB: 2 years MNZ: 3 years	NZGIB: ongoing. MNZ: 1 year
Senior leadership role	1. Build critical mass for change. 2. Build broad based support. 3. Appeal to hearts and minds.	1. Negotiating a shared vision. 2. Adapting market-orientation to resource base. 3. Gaining buy-in from members and key stakeholders. 4. Selling the vision.	1. Communicating short-term wins. 2. Continued emphasis on program's goals. 3. Encouraging bottom-up buy-in consistent with original vision.
Interfunctional coordination	1. Challenge the totality of current interfunctional arrangements.	1. Reconfiguring traditional arrangements to support new strategy. 2. Developing new supportive structures and systems to complement new strategy.	1. Incremental improvements. 2. Reinforcing shared-vision.
Market intelligence	1. Data identifying causal relationships between past practices and ongoing decline. 2. Data appealing to future possibilities.	1. Market-based research to identify customer / end consumer demands and perceptions of product / region of origin. 2. Research with key buyers to support proposed programs before launch.	1. Extracting causality from data to identify benefits of programs.
Programmatic *versus* market back change	1. Programmatic.	1. Programmatic and market-back.	1. Market-back and programmatic.
Tone of internal communications	1. Urgent, mix of fact and aspiration for new future.	1. Educational and informative. 2. Increasingly collaborative.	1. Reinforcing message. 2. Celebrates initial successes. 3. Educational.