3. Theoretical Context: Why market orientation can lead to better service quality?

Service firms take various steps to make sure that they provide adequate services to their customers in response to changing customer needs. For example, a number of automobile service centers now provide evening and/or over-night services. Consumers in Minneapolis can drop off their cars at an auto service provider at night and pick up their cars the next morning. Many health clinics now offer evening business hours. Downtown hospitals have opened branch offices adjacent to suburban residential areas. At Loyola University in New Orleans, an undergraduate business class was offered for the first time on a Saturday in 1997, responding to the needs of a growing number of working undergraduate students. As a result, service providers more oriented to their markets are likely to make changes to meet or exceed customer expectations. Therefore, premium service quality is expected to be an end result of a market-oriented service firms.

As discussed in the introduction, any service delivered to a customer would be most meaningful to the customer only when it fits well with the customer’s purpose (Sohail and Al-Gahtani, 2005; Ahsan and Herath, 2006; Lainema and Hilmola, 2006; Seetharaman, Sreenivasan and Murugeson, 2006). Hence, it is very important for an organization to make efforts for focusing on and assess the needs of the customer. Researcher proposes that adoption of a market orientation will result in improved service quality (Chang and Chen, 1998), and wish to empirically test this across a large cross-section of industries. In the context of technology services delivery, Ethiraj et al. (2005) suggested that the development of customer-specific capabilities based on repeated interaction with customers is positively related to the organization’s performance in satisfying customers. Customer-focused capabilities and the associated needs assessment by a service provider bolster the ability of an organization to better understand the customer. By understanding how the service being delivered would fit into the customer’s needs, an organization would be able to provide services in such a manner that would lead to customer satisfaction. This can be done by better comprehending what the customer wants through repeated interactions with the customer and, thereafter, making efforts to deliver the desired service. An organization with high market orientation would try to learn the specific needs of its customers and provide services
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to the customer that satisfies those needs. Ethiraj et al. (2005) believe that organizations that have customer-specific capabilities benefit from favorable cost and revenue advantages. Lainema and Hilmola (2006) suggested that service-providing organizations can train the personnel towards better orienting them to customer and market needs, such that ‘new products more closely meet customer desires’ and this would eventually lead to greater sales volume and revenue for the organizations. A customer would be willing to pay higher prices if an organization is able to convince the customer of why the provided service is of the desired quality and is the optimal solution to the customer’s needs. However, this can be done only when the organization itself is sure of what the customer wants, which is dependent on effective market orientation that engages in needs assessment and customer focus. Additionally, effective market orientation with the client can preclude unpleasant situations and prevent the costs associated with services that fail to match the specific needs to the customer, such as the costs involved in last-minute conflicts over requirements or features, post-delivery service or return requests from customers, delayed delivery of services and poor estimation of service delivery related logistics. An organization with high market orientation would have an unambiguous comprehension of customer needs. On the other hand, an organization with poor market orientation would fail to satisfy the customer’s specific needs, even if the product or service is something revolutionary. The customer does not care whether or not an organization thinks that its service is revolutionary, unless the service actually meets the aspirations of the customer. Unless a customer finds utility or value in the delivered service, the customer would not purchase it. Hence, it is up to the organizations to find out what customers want through effective market orientation and then provide the relevant service in a manner that the customer would be tempted to pay for it.