

Market Driven or Market Driving? Historical Evidence from a Case Study in Nova Scotia's Tourism Industry

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In 1990, Kohli and Jaworski proposed a behavioral definition of market orientation: "the organization wide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organization wide responsiveness to it" (6). They and their colleagues subsequently argued that their definition facilitated the development of a measure of market orientation which encompassed a broader perspective, encouraging the collection of information related to market factors such as technology and regulation, along with customer and competitor intelligence (Jaworski and Kohli 1993; Kohli, Jaworski and Kumar 1993). Their conceptualization of market orientation differed from others in the literature (e.g., Narver and Slater 1990) in that it focused on actionable behaviors within the control of management rather than on the functioning of a market-oriented organizational culture. This article had a major impact on the field – as of August 2008, a Web of Science cited reference search revealed it has been cited almost 600 times. Hubbard et al. (2005) call the citation impact of their work on market orientation 'unprecedented' and identify their two Journal of Marketing articles (Kohli and Jaworski 1990; Jaworski and Kohli 1993) as the most highly cited marketing theory articles of the 1990s.

In 2000, Jaworski, Kohli and Sahay published the article of most interest to the current research, *Market-Driven Versus Driving Markets*. In this article, they argued that there were two strategic approaches to market orientation that businesses could adopt: 1) the more traditional market driven approach based on understanding and reacting to the preferences of customers and actions of players (competitors, regulators) within a given market structure, and 2) driving markets by influencing the structure of the market and/or the behavior of market players (customers, competitors) in a direction which would enhance the position of the focal business. Jaworski, Kohli and Sahay (2000) argued that the two approaches to market orientation were actually complementary; both involve a focus on customers, competitors and broader market conditions. Firms might choose to pursue both approaches at the same time, adopting a market driven approach to serving current customers and responding to current market

conditions but pursuing a driving markets approach to planning for future business. The authors then provided a conceptual framework outlining ways that markets can be shaped or driven.

The logic of their dual-focused definition of marketing orientation is intuitively appealing, and indeed many of the researchers who subsequently cited this paper appear to have accepted it at face value. (An August, 2008 Web of Science cited reference search revealed 43 citations.) Careful reading of these papers indicates that many adopt the Jaworski, Kohli and Sahay (2000) definitions (e.g., Weerawardena and O'Cass 2004), acknowledge that market orientation may take more than one form (e.g., Rust et al. 2004), or use Jaworski et al.'s work to support the idea of trying to satisfy customers' unmet needs (e.g., Argyres and Silverman 2004). They neither expand on the core framework of market driving behaviours nor argue that the original conceptual is fundamentally unsound.

Some researchers, however, have proposed additional insights particularly appropriate for business-to-consumer markets. Matsuno and colleagues (2002), for example, demonstrated that the positive effect of entrepreneurial proclivity on firm performance was mediated by market orientation. Schindebutte et al. (2008) go somewhat further, arguing that market-driving behaviour is distinct from a firm's market orientation, and is instead part of its entrepreneurial actions. Johnson et al. (2003) discussed the role of environmental turbulence, suggesting that a market-driving approach during times of high environmental turbulence would require the highest level of market-focused strategic flexibility. And Vyas and Souchon (2003) argued that experience in specific markets might lead to intuitive understanding of customers' future needs or wants that would facilitate a market driving approach focused on said customers' unstated or unknown needs. However, we still lack a comprehensive, longitudinal case study which would allow us to examine how a firm's orientation may change over time, whether the two strategies (market driven and driving markets) can indeed be complementary and what the impact is on firm performance in the long run.

Case Study Context

This case study takes as its focus the business operations of a group of elite businessmen based in Yarmouth, Nova Scotia, Canada during the years surrounding the turn of the 20th century, from about 1880 to 1910. The members of this group had accumulated their wealth in the shipping and wooden shipbuilding industries and, as the prospects for wooden ships dimmed, turned to new ventures in the textile, insurance, utility, banking and transportation industries (Dixon and Muise 2001; Woodworth 1936), although it is their investments in the area's nascent tourism industry with which we are most interested. As the closest point between Nova Scotia, Canada and the United States, Yarmouth was ideally situated to become, and during this time period was reinventing itself as, a 'gateway' for tourist traffic from the New England states. The Yarmouth Steamship Company's steamer service between Yarmouth and Boston represented a faster and less expensive alternative to existing railway routes, the Grand Hotel offered first class accommodations and encouraged visitors to stay awhile in Yarmouth, and the Western Counties Railway provided tourists with access to the Land of Evangeline, made famous by Longfellow's poem, *Evangeline: a Tale of Acadie* (Neilson 2003).

Accustomed to sharing risk through shareholding in the shipping trade, a core group of Yarmouth businessmen continued the practice in their new ventures. Their business relationships were intricately interwoven, they knew each other well, invested in and participated in the management of multiple firms, and many had family connections. Some men stood out as leaders among the group. The Hon. Loran E. Baker, for example, was both a shareholder and acted as President of Yarmouth Woolen Mills, the Bank of Yarmouth, Yarmouth Marine Railway, the Grand Hotel and the Yarmouth Steamship Company (Wear 1999).

Focusing on the activities of the Yarmouth Steamship Company, Grand Hotel and Western Counties Railway presents us with an historical case "in which an understanding of previous events provides insights into the current marketing environment" (Golder 2000, 157). The death of L. E. Baker in 1899 provides an opportunity to examine how the group deals with what Schindebutte et al. (2008) describe as a 'critical need' to transcend the dominant entrepreneur and embed entrepreneurial capital within the organization. Although previous research has made effective use of case studies of single organizations (e.g., Beverland et al. 2006; Schindebutte et al. 2008), this research affords us the opportunity to test the applicability of the market-driven/driving-markets debate across a group of related companies, as Jaworski and colleagues (2000, 47) indicate that "...markets may be driven by a single organization or jointly by several organizations."

Data Sources

A variety of primary sources were analyzed through close reading and content analysis, including corporate records such as internal correspondence (letters between L.E. Baker and YSC's agent in Boston), marketing communications (pamphlets), minutes of executive committee meetings, and records of dividend payments contained in the Grand Hotel Fonds (those originally housed in the Dalhousie University Business Archives but later transferred to the Yarmouth County Museum and Archives (YCMA), as well as those already in the possession of YCMA), Yarmouth Steamship Company Fonds and L.E. Baker Fonds at YCMA. Although some of the materials available to the researcher were very comprehensive in their coverage (e.g., the record of dividends paid to Grand Hotel shareholders is complete and extends well beyond the time period under consideration) the fragmentary nature of other source materials (e.g., internal Yarmouth Steamship Company correspondence) is not unusual for historical research (Nevett 1991) and is perhaps to be expected, given the time frame under consideration. To supplement these primary sources, then, other primary sources, such as promotional materials of competing firms maintained in Acadia University's special collections, and numerous secondary sources, including newspaper accounts of the various firms' efforts, were also consulted (Low and Fullerton 1994).

Discussion

This paper reports on work in progress, outlining the dual market orientation strategies adopted by the Yarmouth Steamship Company, the Grand Hotel and the Western Counties Railway to meet both current customer needs (market-driven) and to drive the tourism-related market. Adopting Jaworski et al.'s (2000) framework as a starting point, and focusing just on the companies' market driving activities for the moment, this research illustrates how they sought to change the market structure through both deconstruction and the addition of complementors and how they directly and indirectly shaped the market behavior of both customers and competitors. At the same time, the group of businessmen managing these companies was quite customer oriented and their actions demonstrate how market driven behaviours complemented market driving activities and positively impacted firm performance.

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