

## MARKET ORIENTATION IN SMALL BUSINESSES: CREATIVE OR LACKING?

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*Market Orientation has been reasonably established as relevant to overall business performance. A considerable portion of market orientation focuses on the processes of gathering and analyzing information on competitors and customers (market intelligence). What is less clear is how small businesses in consumer markets enact these market orientation behaviors given typical resource constraints. The research focused on developing a clearer understanding of what, when and how small restaurant retailers gather and utilize market intelligence, and secondarily how it was used in marketing decision-making. In an effort to begin detailing the practice of market orientation by small businesses, we conducted and analyzed personal interviews with small restaurant retailers engaged in a variety of marketing activities, including social media. The results suggest some important distinctions and differences in small businesses' approaches to gathering and using customer and competitor information for marketing decision-making*

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### INTRODUCTION

The changing and challenging environment in which marketing decisions are made presents potential problems and potential opportunities for businesses, regardless of size. Large businesses may respond to these challenges by dedicating significant financial and human resources to acquire information about markets, both customers and competitors. Similarly, large business may have resources at their disposal to dedicate to develop and implement marketing strategies and/or tactics to address the challenges. Small businesses, especially those early in their lifecycle, face considerable resource-constraints across financial, temporal and human dimensions. Resource constraints may hinder or handicap both the acquisition of and response to market information.

Relative to large organizations, small businesses in the *consumer* sector remain a relatively under-researched yet important context for understanding market orientation. Elg (2003) noted there was a focus on large manufacturing companies in the market orientation literature. Elg (2003) explained how market orientation by retailers might differ from manufacturers, primarily through a case study of a large retailer.

Small businesses represent almost one-third of the gross domestic product in Canada (Hunter, 2011). The sheer number of small and medium sized enterprises (SMEs) in the U.S. and elsewhere, combined with the relatively high failure rate of 48% - 54% as reported by Perry (2002) illustrate the importance of continued research on small businesses. While many factors may contribute to successes, marketing is often cited as a pivotal factor. Market intelligence as a partial basis for marketing decisions can play a critical role in the processes a business uses to acquire and keep customers. A small business' ability and willingness to collect, disseminate and analyze customer and competitor information forms a crucial basis for establishing and maintaining relationships with customers. Digital marketing communications, such as websites, email, mobile communications and social media in particular, have seemingly become increasingly important to remain competitive and as a potential cornerstone to stronger customer relationships.

How do small businesses facing considerable resource constraints respond to the ever increasing proliferation of digital media channels and vehicles? The information and knowledge processes small businesses use to gather market information are likely to differ from their counterparts in larger businesses. Similarly, how such information is analyzed and used in the marketing decision-making process may differ. The primary goal of this research is to uncover small business' tradeoffs,

methods and perspectives on the role of market orientation, with a particular emphasis on processes used to gather and analyze customer and competitor information (market intelligence).

A second and related goal is to develop insights as to how and why small businesses use the information in making marketing decisions. The results should help illustrate and understand in greater detail how small businesses enact market orientation in the specific realm of marketing decision-making. The practical tradeoffs small business owners make in the processes of market orientation are likely to suggest potential missed opportunities and pitfalls in those processes, while creative perspectives may provide relevant market intelligence. A deeper understanding of how small businesses effectively gather, analyze and use customer and competitor knowledge for marketing decision-making should be relevant as digital marketing communication channels and vehicles continue to increase in popularity and relevance. Through our qualitative study of small restaurant retailers we begin to identify the degree to which the elements of market orientation exist and the extent used in marketing decisions.

The restaurant retailers in this study face typical financial constraints for small businesses. Differences in digital marketing decisions are more likely a function of market orientation than financial constraints. A number of broad studies of Internet adoption and Ecommerce in the SME context indicated that financial constraints played a limited role, and moreover that financial constraints, per se, have no significant relationship to SMEs' Internet use for online marketing support (e.g. Karakaya & Khalil, 2004). In the context of traditional marketing communications planning and implementation, Gabrielli and Balboni (2010) found that SMEs engaged in some but not all standard practices typical of larger companies for marketing communications.

The next section presents a brief review of the literature on market orientation with a particular emphasis on those aspects likely to relate to small businesses. Then, market orientation is related to digital marketing communications for small businesses. Given the qualitative nature

of the study, the personal interview method is discussed, followed by the themes identified related to the market orientation process as practiced by these small businesses.

### **MARKET ORIENTATION AND SMALL BUSINESSES**

Market orientation has a significant body of work which has reasonably established its importance. The majority of the research on market orientation has focused on companies operating in business markets, rather than consumer markets. The early research on market orientation was focused primarily on large businesses, but progressed to address empirical studies of market orientation in small businesses as well. Small businesses' market orientation and its various components have been at the core of some investigations addressing businesses' performance (e.g., Baker & Sinkula 2009; Frans & Meulenbergh, 2004). In addition, Ali, Spillan, & DeShields' (2005) investigation of small retailers found a significant connection between market orientation and performance for small retailers. As a result, the market orientation concept is likely to be relevant to small as well as large businesses.

At a sufficiently high level of abstraction, there exists a common thread between small and larger businesses. The goal of effectively acquiring, maintaining and growing relationships with customers is central to generate the revenue necessary for continued existence of a business. The management of customer relationships being in large part connected to the business' ability to design and deliver superior customer value (Slater & Narver, 1994). The implication of "superior" is that of creating greater customer value relative to the competition.

The two key entities of customers and competitors correspond to two of three key aspects of Narver and Slater's (1990) definition of market orientation - customer orientation and competitor orientation. The third aspect of market orientation is inter-functional coordination. Jaworski and Kohli's (1993) definition of market orientation is similar, but distinct. Customers and competitors are acknowledged as crucial with the focus on

generating and disseminating intelligence about those entities. As with inter-functional coordination, the third component of Jaworski and Kohli's (1993) concept of market orientation addresses how the business behaves (responsiveness) given the market intelligence. Inter-functional coordination is clearly not limited to the marketing function, and explicitly includes behavior across all functional areas to acknowledge that the delivery of superior value is likely to cut across the organization. Although not explicitly noted, responsiveness is defined broadly and thus conceptually parallels inter-functional coordination. As the focus of the current study is small businesses, we focus the majority of our attention on generating and disseminating intelligence about customers and competitors.

While resource constraints have been identified as problematic for small businesses, they may have some potential advantages with respect to their larger counterparts with respect to market orientation. Howard (2008) notes that small business owners are better positioned to develop individualized knowledge of employees, as well as utilize applicable and relevant non-monetary motivators for these employees to enhance their involvement to the benefit of the small business' goals. Howard's (2008) work was not specific to market orientation, however the applicability seems relevant. In a small business the owner and employees would have a greater opportunity to develop interpersonal relationships that can potentially contribute to greater coordination and responsiveness. Under these conditions, a small business owner that considers customer and competitor intelligence relevant to marketing decision-making could potentially find a greater degree of customer and competitive intelligence than might otherwise be available.

Efficient utilization of employees as resources may not be central if the resource constraints are overwhelming from an operational standpoint. As such, another way to supplement customer and/or competitor intelligence is identification or creative adaption of other resources available to the small business. In the course of normal operations of the business, the small business has to develop relationships with other organizations in the value chain. As with

employees, the immediate demands of the small business may preclude gathering information from these other organizations given small business time demands.

### **MARKET ORIENTATION AND DIGITAL MARKETING COMMUNICATIONS**

One would expect selective use of digital marketing communications by small businesses. The selective use, and the information that leads to that selective use, heightens the need for deeper insights into the approaches used by small businesses to acquire and retain customers. Models contextualized to small businesses in the online context have begun to highlight the significance of online communications, such as social networks, for SMEs in attracting new customers (Beloff & Pandya, 2010). However, in the context of small businesses, the literature with a focus on marketing communications is not particularly advanced and is further limited when online marketing communications is included. Qualitative information on small businesses utilizing digital marketing communications and the link to market orientation could provide useful insights. The probing of small business owners through personal interviews is likely to yield insights where they may differ from their large business counterparts (e.g. Dandridge & Levenburg, 2000).

The importance of online marketing communication in general has been established (Shuk, 2006; Smith, 2005; Vesanen, 2007; Wind & Rangaswamy, 2001) and separately small businesses selective use of strategic processes, such as marketing orientation, has also been established (Fisher, Craig & Bentley, 2007; Golann, 2006; Martin & Martin, 2005). Combining the two streams of literature may yield potential insights as to potential tradeoffs by small businesses in choosing whether or not and how to engage via online marketing communication channels. To a considerable extent, digital marketing communications have become critical to customer relationship management. The plethora of digital communications channels and vehicles presents potentially overwhelming choices for a resource-constrained small business.

Market orientation is a responsibility that may be shared across the organization, however, in large organizations it is likely that marketing planning and decision-making is the primary responsibility of those designated in marketing departments or with marketing titles. In large organizations, jobs are typically formalized with explicit codified rules (Jawarski & Kohli, 1993). However as Frans and Meulenberg (2004) point out, a small business rarely has the ability or resources for highly specialized employees, much less an entire department. Thus, the marketing function is unlikely to be formalized or the sole domain of one person in the business, other than perhaps the owner. The lack of marketing specialization in a small business may mean generating customer and competitor intelligence is everyone's responsibility or, perhaps conversely, no one's responsibility.

### METHOD

In line with the original research on market orientation by Kohli and Jaworski's (1990), in-depth interviews were conducted with the intent of providing insights from the perspective of small retail restaurant businesses in the age of digital marketing. With respect to private industry, the restaurant industry is second only to healthcare in the U.S. (Maltby, 2011) with industry sales consistently greater than \$600B (Miller & Washington, 2013). Restaurant retailers were chosen as they have considerable potential for regular and repeat customers and online consumer reviews on third party sites are common (e.g. Yelp). The interest was in a deeper understanding of market orientation processes and for marketing decision making.

Given the focus of the study on small businesses, a random sample of 300 independent restaurant retailers was drawn from Hoover's database according to several criteria. Independent restaurants represent more than half of the restaurants in the United States (GE Capital Franchise Finance, 2011). The criteria for the sample was NAICS 7221 (restaurant retailers), privately held, with 50 or fewer employees. The initial sampling frame was then culled to include only those restaurant retailers with an online presence - a website and one or more of the two dominant social media vehicles (Facebook, Twitter) – and resulted in a

final sampling frame of 279 restaurant retailers. The owners were identified and emailed a request to participate.

A semi-structured interview protocol was developed based on the key aspects of market orientation in the context of marketing decision-making. The first open-ended question was purposefully general, asking the business owner to describe current marketing activities. The interview then proceeded to a set of related open-ended questions on the market orientation process. The respondents were asked a series of parallel open-ended questions where one set addressed customer information and the other competitive information. Each set directed the respondents to describe what information they gathered and how, whether and how they shared the information in their organization and lastly what marketing decisions were made based on the information. The last set of questions asked respondents to describe their online marketing communications activities and the customer or competitor information that they used to make those decisions. A total of 57 complete interviews were conducted by phone for a 20.4% response rate. The interviews were collected, transcribed, and analyzed for common themes.

While the results of the interviews were the primary focus of the study, we were also interested in verifying and describing social media activity related to the businesses. Subsequent to the interviews, one month (30 days) of social media activity on Facebook and Twitter was collected for each of the 57 restaurants and content analyzed for frequency of the restaurant retailer's activity, engagement characteristics and publicly accessible customer activity.

The restaurant retailer's activity was a count of individual posts or tweets. Engagement classified the restaurants' activity as real-time or not and as containing a question or statement. Real-time post activity included daily specials and evocative posts connecting current conditions, such as cold weather, to well-suited menu items, such as hot chocolate. Publicly accessible customer activity included frequency of visible customer comments on the restaurants' Facebook or Twitter page. One to one messaging from customers directly to a

restaurant’s inbox would not be available for inclusion. Customer comments included unsolicited comments as well as those in response to the restaurant retailers’ posts and tweets.

**RESULTS AND DISCUSSION**

The restaurants ranged in operation from two to seven years, with the average being approximately three years. The results that describe the marketing activities of the restaurant retailers are presented first, followed by results on market intelligence generation, dissemination and marketing response patterns for what emerged as two relatively distinct groups. The two groups represented differing overall perspectives towards market orientation. Differences within each group are also presented. Major themes suggestive of other orientation concepts and theories associated with market orientation research were also identified and discussed.

**Marketing Activities**

All except one of the restaurant retailers engaged in some form of offline marketing, including marketing communications. A small number (7) offered loyalty/frequent buyer cards only in physical form. Given the relatively localized nature of the restaurants’ offerings it was not surprising to find that the offline marketing communications focused on local print media, such as local newspapers, and occasional advertising or coupons as part of localized coupon packets or printed promotional booklets. As with many larger companies, these small restaurants seemed to be in the process of shifting an increasing proportion of their marketing communications efforts from offline to online channels.

Online marketing channels included email, websites, and social media. Twenty three engaged in some form of email marketing. The primary focus of the email marketing was on existing customers through collection of email addresses at the retail location. Along with the email address and name, additional data typically collected included birthdate, zip code and cell phone number. Three of the restaurants provided customers with ordering via text messaging, and seventeen provided opt-in text

message promotions. Two restaurants had a mobile app for their loyalty program. The app itself had been developed and managed by third party firms, expressly for use by small businesses.

With respect to other online marketing communications, there was an acknowledgement by the owners as to the importance of an online presence with both a website and social media. Facebook was used by all but one restaurant and Twitter by one-third (19) of the restaurants. Marketing activities are summarized in Table 1.

**TABLE 1:  
Restaurant Marketing Activities**

Marketing Activity	Frequency	%
Loyalty Cards	56	98%
Event Sponsorships/Donations	39	68%
Email Marketing	23	40%
Text Message Promotions	17	30%
Text Message Ordering	3	5%
Restaurant Mobile App	2	4%
Facebook Page	56	98%
Twitter Account	19	33%

Note: n = 57 restaurant owners

Over half of the restaurants (39) engaged in occasional sponsorship of or donations to local non-profit organizations and their events. The sponsorships or donations were often in response to a direct request, but specific opportunities were also sought. These activities were perceived as relevant in primarily establishing overall goodwill in the local community, and secondarily as opportunities to maintain relationships with existing customers or generate exposure of their businesses to potential customers. Social media was unilaterally used to announce or communicate these activities in advance of and after the events. Four used social media sporadically during the event to post updates and encourage attendance.

**Market Orientation Processes**

Not surprisingly, all of the business owners acknowledged the importance of customers and customer information in a general sense, and competitors to a slightly lesser degree. When

asked to describe what and how information was collected and shared, two broadly distinct groups emerged from the responses. The two groups are designated as reactive and proactive and are summarized in Table 2. While both the reactive and proactive business owners were commonly involved in the day-to-day operations of the business each group assigned different values to market orientation processes. The two groups exhibited contrasting perspectives on the value of collecting, analyzing and using customer information on an ongoing basis. The first perspective was from those that took a relatively reactive approach to market orientation processes. Intuition, direct experiences or knowledge were primarily relied upon and in a few instances, relied upon exclusively. These reactives (18) considered these aspects sufficient for decision-making, and rarely sought ways to generate customer or competitive intelligence. The reactive group appeared to find little or no reason to dedicate time, money or effort on an ongoing basis to collect information that merely confirmed what was considered already “known” about customers. Comments from the reactive group included explanations such as: “My tables are almost always full, and pretty much have been since I opened. What more do I need to know about them <customers>?”, “customers sometimes complain to me about this or that thing on the menu, but usually there’s no real change in sales to back ‘em up, so I just chalk it up to personal taste.” and “When I was looking for a bank loan to expand, I did get data on possible customers near my restaurant- how many adults, their incomes, education. Can’t say I do anything special to collect customer data now other than what I get from the frequent buyer program.”

**TABLE 2:**  
**Market Orientation Perspective**

Restaurant Owner Category	Frequency	%
Reactive (Sporadic)	18	32%
Proactive (Systematic)	39	68%
Total	57	100%

Two owners within the reactive group expressed considerable skepticism towards any customer information that they themselves had not collected or observed, and were particularly dismissive of unsolicited customer comments

from online review sites, such as Yelp. A subgroup (11) within the reactive group, were highly unlikely to collect specific customer information unless there was a sudden or significant decline in sales that they could not easily explain. In other words, they were motivated to generate customer intelligence only to address a specific problem or deficiency. This perspective parallels Hunter (2011) with respect to reactive small business owners.

The contrasting perspective was exhibited by those indicating a relatively proactive approach to market orientation processes. The proactive group did not dismiss their own experiences, knowledge or intuitions, and thus in that respect they were similar to the reactive group. However, what distinguished the proactives from the reactives was a relatively conditional acceptance of their own experiences, knowledge and intuitions. The conditionality was expressed somewhat differently along two dimensions, one for customers and the other for competitors. Along the first dimension, there was the belief that while valuable, their own experiences did not necessarily capture all that might be relevant to understanding and serving customers. In other words, they were candid in expressing concern that they might miss or overlook customer information germane to creating greater value for customers. The second dimension relating to competitors, addressed the need to keep information on direct competitors as current and forward-looking as possible.

The distinctions between the reactive and proactive perspectives of business owners were also present with respect to competitor information, although they manifested in slightly different ways. Reactive business owners believed they had conducted relatively due diligence in establishing their competitive position at the inception of the business and were essentially confident in their ongoing positioning. One owner typified the reactives when he commented that “I don’t really have any competition. Started this restaurant after looking around and seeing there weren’t any good places for a home-cooked meal... so that’s what I offer. Not much’s changed since then.” As opposed to customer information, none of the reactives indicated a trigger, such as

declining sales, which might have initiated the process of collecting competitive information. The proactive business owners had similarly conducted some competitive analysis in establishing their business, but considered the competitive landscape as relatively fluid rather than static. As a result, they found it relevant and important to generate competitive intelligence on an on-going or periodic basis. Key aspects of proactives' market orientation process are presented in Table 3. Within the proactive group, two broad themes

**TABLE 3:**  
**Proactive Owners' Market Orientation**

Elements of Process	Frequency	%
Emergent Process	28	72%
Employees as Information Sources	19	49%
Novel Marketing Tactics	4	10%
Employee Managed Social Media	6	15%

Note: n = 39 proactive restaurant owners

emerged related to the intelligence generating process of market orientation: frugal attentiveness and an emergent process. The first theme can be characterized as a frugal attentiveness to the market with a particular emphasis on collecting information on customers and competitors. The frugal attentiveness was a reflection that combining tasks, where possible, was an efficient use of scarce resources. While limited financial resources were noted by some, almost all identified limited time as an equally important constraint. The proactives identified personal sources as a major avenue through which they acquired customer and competitive information during the normal course of operating their restaurants. Each owner was involved in daily operations, although to slightly varying degrees. As a result, they had regular interactions with or were able to directly observe customers, employees and suppliers. What constituted frugality was the relatively explicit consideration that these direct interactions or observations might also be potential sources of relevant intelligence about competitors and customers on an ongoing basis. For example, proactive owners that delivered or catered meals, attended or hosted local business meetings or events consistently used those interactions to gather competitive information. Typical comments from the proactive group included "asking the organizer what other

restaurants they buy from", "when I want to know what places are on their radar, I ask", "sometimes it surprises me how willingly people tell me about their experiences - good and bad" and "in part I go to Chamber breakfast meetings to 'spy' on my competitors". Collecting market intelligence while engaged in other activities characterized the "frugal attentiveness" theme of the proactive group.

The second broad theme for the majority of the proactive group, characterizes the emergent process for systematically collecting market intelligence. While some in the proactive group (11) indicated that they had explicitly planned on personal sources from the inception of their restaurant, it was an emergent process for the remaining majority (28). The additional planned systematic use of existing interactions and observations embedded in normal operations was most often prompted by unsolicited and unanticipated information. One owner described his moment of discovery as follows:

*I get daily delivery of local, organic produce for a lot of dishes on my menu... the deliveries come about the same time every day. One day the delivery was over an hour late so I asked the driver if there was an accident. His response? He apologized because a new customer on his route had just opened a restaurant and it was his first day delivering to them.*

The business owner had considered "local, organic" as critical and a point of differentiation. Subsequent to the unsolicited competitive information, he engaged in a purposeful and focused process to identify the new competitor. Once he felt reasonable certain as to the new competitor, he preceded further through personal sources and the competitor's own social media activities to gather information to assess the magnitude of the potential threat. As a result of a positive and productive experience the owner established a reduced version of this process to engage in regularly. Competitive intelligence was generated through online searches, local government listings for new businesses and licenses, as well as from questioning front-line employees. His experience was indicative of the emergent nature of market orientation

behaviors by this subset of restaurant owners. Similar instances of unanticipated discovery included relatively spontaneous and unsolicited comments from front-line employees and customers. The majority (19) of the business owners indicated that their moment of discovery motivated them to establish at least semi-formal and regular processes to encourage, reinforce or solicit customer and competitor information from front-line employees. Relying heavily on personal sources may appear obvious and unrelated to frugal attentiveness. The proactives operated in a specific geographic area, and as previously mentioned, extended existing personal interactions in the process of generating relevant market intelligence. However, the reactives would typically have the same opportunity to utilize personal sources for market intelligence, yet seemingly chose not to regularly utilize them.

What also distinguished the proactives was that they regularly supplemented personal sources with online sources of both customer and competitor information, and occasionally vice versa.

When asked directly about how market intelligence was generated, all of the proactive owners mentioned the regular use of both online and personal sources, while only five reactive restaurant owners mentioned personal or online sources. The omission of these sources by many reactives is likely indicative of the limited role of personal and online sources in systematically generating market intelligence. Moreover, the reactive owners that did mention these sources appeared to use them relatively sporadically and exhibited considerable skepticism as to the value of the information gained from these sources. One reactive owner noted that he “started out networking with other local owners....thought I might learn a thing or two about who I might be up against, but found it a colossal waste of time... so I stopped going.” Another reactive owner expressed a similar mindset with online sources: “My gut instincts tell me what will sell and how to serve my customers better than the other guys. I’ve looked at Yelp now and again, but who knows if all the comments are true?” Both online and personal sources would be available to reactives and proactives, yet the

reactives chose to not systematically take advantage of these opportunities.

What existing orientation concepts might explain the differences between proactives and reactives? Aspects of learning orientation have been connected with market orientation, and the results of this study seem to suggest its relevance to small businesses. In particular, the emergent proactives engaged in a significant shift from no or haphazard to a semi-formal market orientation process. Baker and Sinkula (2002) establish an important connection between learning orientation and market orientation. Two aspects of a learning orientation that appear relevant to the results of the current study are generative learning and mental models (Grunert, Trondsen, Emilio, & Young, 2010). While a thorough treatment of Baker and Sinkula’s (2002) organizational learning hierarchy is beyond the scope of the current study, generative learning is defined as a relatively high level of learning. Generative learning represents a fundamental shift in behavior, from one way of behaving to a very different way. The emergent proactives in our study engaged in the shift from ad hoc or no definable market orientation behaviors to a systematic purposeful one, at least with respect to market intelligence gathering. The emergent proactives likely held a particular mental model as to the limited value of a systematic market intelligence process, but readily discarded that model when faced with new, unsolicited market information. The reactives’ disinterest in an ongoing market intelligence process suggests a relatively rigid mental model. Thus, although the current study did not set out to investigate learning orientation, the results strongly suggest the importance of some elements of a learning orientation to some elements of a market orientation in the small business context. The results in the current study are consistent with the connection between marketing orientation and learning orientation identified by Tien-Shang & Hsin-Ju (2005).

The proactives generally had established procedures for ongoing collection of market intelligence. Where significant and viable, customer intelligence was incorporated to make changes to tactical marketing decisions. In a few cases (4), customer intelligence led to novel unanticipated marketing communication



tactics. For example, one restaurant owner offered customers lists of songs played in the restaurant after front-line employees mentioned that customers commented favorably about the restaurant’s music. The owner shared the song playlists with customers via Facebook and email. A small, inexpensive communication provided an opportunity to reinforce and extend relationships with customers beyond the walls of the restaurant.

The dissemination of market intelligence within the organization was less well-defined or even sporadic. Even when sporadic, sharing of marketing intelligence typically occurred during meetings or contact with front-line employees simultaneously with collecting information. An owner indicated that when she has bi-weekly employee meetings “I try to remember to mention recent customer comments I’ve heard about the food, service or even other restaurants. Then I see if they <employees> have anything to add.” Similarly, another owner noted that “I meet with new hires in their first month mainly to check on training and scheduling, but also talk about what makes this restaurant unique... and of course ask what they know about other restaurants.” Developing potential marketing choices in response to market intelligence was primarily conducted by the business owner, with only some instances of developing them in conjunction with front-line employees.

What was particularly revealing were six instances where the business owner went beyond having employees provide information to participate in the development and implementation of marketing choices. As previously described, all the participants engaged in social media marketing. Six

business owners delegated responsibility for the content on the business’ Facebook page to a front-line employee. One owner expressed his initial decision as an “experiment with no real down-side. She spends far more time on Facebook than I do....knows the business and the customers.” A limited non-statistical comparison of Facebook page activity between the six employee-delegated pages and the non-employee pages within the proactive group indicated two differences as presented in Table 4. The employee-delegated pages exhibited proportionately more frequent real-time post activity. The second difference was proportionately more frequent use of questions than statements. While statistical significance was not possible with the limited sample, the comparison suggests potential value to involvement by front-line employees in social media marketing development.

**IMPLICATIONS AND CONCLUSIONS**

The distinctively different behaviors, and presumably underlying attitudes, between the reactive and proactive restaurant owners suggests a number of relevant issues for small business owners as well as those seeking to understand and serve small businesses. Consider the three related sets of behaviors involved in market orientation (generation, analysis and responsiveness). The reactive small business’ process may be significantly flawed and likely problematic. Limited or no effort to engage in generating new customer or competitor information may result in a narrow or no basis for either analysis or response. While our study did not explicitly identify performance issues, the link between market orientation as a strategic approach to decision-making and subsequent performance is

**TABLE 4:  
Facebook Comparison - Employee vs Owner Managed**

Facebook Activity	Employee		Owner	
	Frequency	% of total posts	Frequency	% of total posts
Total Posts (30 days)	42		297	
Real-Time Activity Posts	27	64%	88	30%
Statement Posts	30	71%	229	77%
Question Posts	12	29%	68	23%

relatively well-established. Reactive small businesses may, at best, be sub-optimizing by failing to acquire new information about competitors and customers. New, and perhaps novel opportunities for efficiently acquiring new customers as well as expanding sales to existing customers are unlikely to be discovered or identified. At worst, the reactive business is highly susceptible to potential failure. Market changes, such as changes in customer preferences, or new similar competitors likely go unnoticed. As a result strategic and tactical marketing choices may result in a competitive disadvantage, leading ultimately to failure.

Future research intended to provide guidance to the reactive small business may add value by 1) expanding the industries in which small business are sampled to address the single industry limitation of the current study, and 2) clearly addressing significant causes for the underlying rigidity of the mental models that contribute to the perceived low value of actively and regularly acquiring customer and competitor information. Identify causes for rigid mental models across multiple industries is an important step towards improving small businesses directly, as well as potentially indirectly through practical guidance offered by those assisting small businesses' growth, including government agencies, such as the Small Business Administration in the U.S.

The current study did not explicitly measure specific resource constraints, thus specific conclusions cannot be drawn regarding the role of resource differences on market orientation for reactive versus proactive owners. However, we can conclude that the proactive small businesses did take a consistently frugal approach to market orientation. The absence of personnel dedicated to customer or competitive intelligence seemed to have motivated, rather than discouraged, market orientation. The frugal approach was characterized by the businesses taking advantage of what resources were available, especially with respect to personal sources of information, such as meetings with front-line employees, and observing customers. In that respect, small businesses may have a unique opportunity relative to large organizations. For the small businesses what seemed to distinguish them from their larger business counterparts was the

nature of the information, which typically included non-quantitative nature of the information from these personal sources.

In all the businesses engaged in this study of market orientation, the interpretation of the body of information (analysis) rested primarily with the business owner. Small business owners may not readily express or recognize the drawing of conclusions from the information as systematic or analytical. Yet, in this study, gentle probing seemed to reveal a relatively systematic, and sometimes iterative, analytical approach to both analysis and its use in decision-making (responsiveness) by the proactive business owners and confirmed a lack of the same by the reactive business owners. The implications for marketing research with small businesses are two-fold. Measures of processes may need to be developed after exploring how small businesses articulate the processes in their own words. Secondly, rich descriptions by small business owners may be valuable in establishing relevant marketing variations within the population of small business owners.

The current study also identified variations in the use of front-line employees in the market orientation process. The participants did not identify the specific approaches used in attempts to encourage front-line employees, and as a result specific guidance on how to encourage market orientation behaviors by front-line employees cannot be made. Nevertheless, future research exploring how financially-constrained small businesses might encourage market orientation behaviors by front-line employees seems worthwhile. Jaworski and Kohli's (1993) findings that reward systems affect employees' market orientation could be applied in the small business context by incorporating Howard's (2008) delineation of non-monetary motivators for small businesses. Such contextualization would provide useful guidance to financially-constrained small businesses seeking to engage in market orientation.

Variations within the population of small business owners were also indicated by differences in the development of potential responses to market intelligence. What these results suggest is the potential relevance of variations in small business owners' leadership

or management styles on market orientation in the small business context. The relatively flat hierarchy of a small business increases the impact of the small business owner on marketing planning and decision-making. Beneficial future research with small businesses may explicitly address the absence or presence of participative decision-making with their influence on or participation in the development of marketing responses, as well as in generating innovative or creative marketing responses. Even without extensive participation, small businesses that proactively generate market intelligence may find the process self-reinforcing, via the potentially creative marketing responses that develop.

The willingness to be inclusive of an array of potential sources of customer and competitive information could be particularly advantageous to a resource constrained business. While the current study was limited to restaurant retailers, future research focused on a cross-section of retailers would be beneficial in identifying other sources of information that help small businesses identify environmental factors that signify impending changes in customer needs or preferences. Purposeful broadening of the market orientation process to include environmental factors, such as localized economic data relevant to a retailer's served market, may be possible as well as valuable. Similarly, weak signals of impending trends in the customer or competitive environment are also valuable to the small business. Utilizing an array of potential sources may provide the small business with additional time to develop creative marketing strategies and tactics to take advantage of positive trends, or experiment with alternative strategies and tactics to identify better or optimal marketing approaches. The need for collecting relevant information on these factors was also critical to the small business owners' use of the information, as was adjusting broad information to local market conditions. As technology continues to provide new sources and types of information on competitors and customers, a strong market orientation is likely to aid small businesses in developing more effective marketing decisions.

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