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MARKET ORIENTATION: A WAY TOWARD THE BLUE OCEAN STRATEGY?

ABSTRACT

The traditional view of business strategy is changing radically under the influence of knowledge revolution. In our view, the main impact in that area has been made recently by Kim and Mouborgne's "blue ocean strategy" approach. At the same time, the discipline of marketing has contributed significantly to the body of knowledge on business strategy for the last three decades. Along others, the mainstream is the "market orientation" approach. However, despite of many similarities, these areas have not been considered together yet. From the strategic marketing domain we hypothesize that these research streams converge to the concept named "market-driving strategy".

Keywords: blue ocean strategy, innovation, market-driving strategy, market orientation, customer value

INTRODUCTION

The modern business world is being transformed by the knowledge revolution. Today a long-term success in the market requires companies to stimulate creativity and initiative among their employees in order to meet customer needs more effectively. A way to achieve this general goal lies through developing a special type of strategic orientation, known as market orientation. The firms' experience both in developed and developing economies shows that market-oriented organizations differ in their capability to focus on target markets and achieve interfunctional co-ordination on the basis of cross-functional teams.

In the late 1980s, the concept of market orientation (MO) has received significant attention both from the business and the academic communities. Launched in 1988 by Shapiro (1988), it was put forward by Kohli and Jaworsky (1990) and Narver and Slater (1990). In fact, MO has operationalized and extended the marketing concept and the term "market orientation" was developed as a way to measure the extent where a firm implements marketing concept. However, it has evolved into a more than a simply reflection of this concept. Market orientation increases the strategic role of marketing (Hunt and Lambe, 2000) and today could be defined as a business culture that: (1) places the highest priority on the profitable creation and maintenance of superior value for customers while considering the interest of other stakeholders; and (2) provides norms for behaviors regarding the organizational generation of, dissemination of, and responsiveness to market information (Deshpande *et al.*, 1993; Kohli and Jaworski, 1990; Slater and Narver, 2000). Moreover, a market-oriented culture produces a sustainable competitive advantage, and thus, superior long-run organizational performance (Hunt and Morgan, 1995).

The acceleration of environmental change, the emergence of new economics, globalization, and rapid technological change are fundamentally transforming the nature of both competition and organizational strategy. These great changes lead both academics and practitioners to conclusion that it is sharply needed new perspectives on strategy to explain how firms have to be prepared to meet new challenges in the way to achieve long-term success at the market. The new conceptual breakthrough was made in 2005 by Kim and Mauborgne with their “blue ocean strategy” framework. The authors follow the increasing appeal in the field of business strategy to refuse from “conventional wisdom” which is based on prescriptions of Porter’s positioning school of strategy for its primary emphasis on exploiting industry structure as a source of competitive advantage. Instead, Kim and Mauborgne propose new strategic logic of “value innovation” which makes the competition irrelevant by creating “blue oceans” of uncontested market space (Kim and Mauborgne, 1997, 1999, 2005).

The purpose of this paper is to juxtapose the both approaches in marketing and business strategy for their further integration on the basis of creating superior customer value. At the beginning it shows the evolution of MO that spread out in the world from an intuitive intention of the firm’s correspondence to its market, to an incredible amount of publications about dimensions of a firm’s consistence to the market environment. Although MO is widely recognized as a positive factor influencing on firm’s profitability, several scholars and practices remain skeptical because, they argue, being market oriented detracts from innovation. In response to the criticizers, proponents of MO launched at the edge of millennium a next generation – *“proactive”* MO (Atuahene-Gima *et al.*, 2005; Narver *et al.*, 2000; Narver *et al.*, 2004). In our view, this step challenges the traditional interrelations between innovation and marketing that now are considered in the light of the new meaning of the process of creating superior customer value.

Then it describes the essence of Kim and Mauborgne’s approach in business strategy in the wide context of perspectives on *“creating value with customers”* appeared in the literature. The main general assumption of all researches is that the strategy is “the art of creating value”. They believe that it provides the intellectual frameworks, conceptual models, and governing ideas that allow company’s managers to identify opportunities for bringing value to customers and for delivering that value at a profit (Ghoshal *et al.*, 1999; Iansiti and Leviev, 2004; Moore, 1993, 1996; Normann and Ramirez, 1993; Prahalad and Ramaswamy, 2003, 2004; Tomke and von Hippel, 2002; Vandermerve, 1996, 1999, 2000, 2004). These perspectives clearly show that in the emerging competitive landscape companies can no longer act autonomously, designing products, developing production processes, crafting marketing messages, and controlling sales channels with little or no interference from consumers. For successfully competing for the future, managers need to rethink their view of organizations in traditions of industrial economics which was based on a “value chain” model. In new “value constellation” or “value webs” model consumers are co-creators who can choose the way how they want to interact with company (Prahalad, 2004). However, in our view, the main advantage of Kim and Mauborgne’s approach is that it allows to fit company capabilities with its business opportunities. It gives managers not only simple tools for exploring the “market universe”, but shows managers how to make their own “future that has already come”. The results show that performance benefits of creating “blue waters” are evident.

Finally, it proposes the hypothesis about convergence of the two research streams to the concept of *“market-driving strategy”* which arose at the edge of millennium from the strategic marketing domain (*Kellogg on Marketing*, 2000; Kumar *et al*., 2000; Kumar, 2004).

MARKET ORIENTATION AND BLUE OCEAN STRATEGY: WHAT IS THE LINK?

Market Orientation, Innovation, and Superior Customer Value

The concept of MO is a type of business culture based on the marketing concept that proclaims to focus organization-wide activities on the customer's point of view (Drucker, 1954; McKitterick, 1957; Keith, 1960; Levitt, 1960). The necessity for dividing these two concepts arose over twenty years ago from “a large gap between what marketing claims to be and what it is in reality” (Lambin, 2007: p. 5), i.e. issues concerning the successful implementation of the marketing concept (Shapiro, 1988). For overcoming this “implementation gap” some scholars begun to stress differences between marketing as *business philosophy* and marketing as *organizational culture* (Deshpande and Parasuraman, 1986; Deshpande and Webster, 1989; Kohli and Jaworski, 1990; Narver and Slater, 1990). The marketing concept, as a business philosophy, is essentially an ideal or policy statement. In contrast, MO as a culture includes organizational-wide shared meanings, values, and beliefs which influence on how employees think and act.

For the purpose of this paper, it is important to define MO and consider how it has evolved to where it is today. There are numerous publications on the topic of MO issue both theoretically and empirically oriented. However, an analysis of the current state of research in this area shows that the main problem comparing with the results of different MO studies is the lack of consensus about what MO is.

All definitions of MO could be considered from different research perspectives. First of all, from *the decision-making* or *managerial perspective*, MO is considered to be distinct from opposite marketing orientation in the sense that the former addresses organization-wide concerns while the latter reflects a functional focus on the departmentation of marketing (Shapiro, 1988). The second, from *the intelligence* or *knowledge perspective*, MO is “the organization wide generation of market intelligence pertaining to current and future needs of the customers, dissemination of intelligence horizontally and vertically within the organization, and organization wide action or responsiveness to it” (Jaworski and Kohli 1993: p. 54). The third, from *the cultural* or *behavioral perspective*, MO is “a business culture which enlists the participation of all employees for the purpose of creating superior value for its customers and superior performance for itself” (Slater and Narver, 1996: p. 159).

According to the *EbscoHost* database the account of publications on MO subject in August, 2008 footed up to 929 items. The first article on this topic was published in *Harvard Business Review* in 1950 and from that date we separate six stages of MO evolution:

1) “Antecedents of MO”: 1950-1962 years;
2) “Introduction of MO idea”: 1963-1968 years;
3) “Withdrawal of MO idea”: 1969-1978 years;
4) “Strategic-marketing orientation”: 1979-1987 years;
5) “MO concept”: 1988-1997 years; and
6) “MO and innovation”: 1998 year – nowadays.

At the last stage of MO evolution we have found a serious challenge for MO idea itself. In our view, it is closely connected with the new meaning of value and interrelations between innovation and marketing in an organization.

Classic definition of innovation is the “generation, acceptance and implementation of new ideas, processes, products and services” (Thompson, 1965: p. 36). In its common sense innovation is “the creation and implementation of a new idea… As long as the idea is perceived as new and entails a novel change for the actors involved, it is an innovation” (Cooper and Argyris, 1998: p. 298). There are a lot of different types of innovations, but as it was marked by Schumpeter (1942) every innovation has one of the five aspects: technology, product, market, raw materials and organization. Janszen (2002) makes the important conclusion that these aspects well define the coordinates of innovation arena where innovations are resulting in implementation of new technologies, use of new products, development of new markets and application of new organizational forms. Thus, in some cases the innovations are the results of the implementation in one arena's space but, in most cases they are the results of combinations that can be depicted in the form of spiral trajectory. This form reflects in continuous innovation process.

From a strategic viewpoint we need to understand through which activities a market-oriented culture is transformed into superior value for customers (Han *et al.*, 1998). The impact of innovation on firm performance and on economic growth has been of interest to economists for decades. Schumpeter originally introduced the notion of creative destruction and distinguished those types of technological changes, which require new organizational capabilities that eventually surpass attempts to improve existing practice incrementally. However, he saw innovation from the supply side of the market as a "new combination of productive means". Some marketing researches are trying to determine the influence of innovation at the demand side of the market. For instance, Slater and Narver (1994) identify new product development (NPD) process as one of the core capabilities that converts MO into superior organizational performance. Baker and Sinkula (1999) reveal that a market-oriented culture leads to new product success, which, in turn, leads to superior organizational performance. Although the studies show that market-oriented culture is transformed into superior organizational performance through NPD, they do not answer the question how interchanges between NPD activities and MO result in superior performance. We believe that the answer lies through the deeper understanding the role of innovation and marketing in business success and the meaning of customer value.

More than a half century ago, in 1954 Drucker wrote that "there is only one valid definition of business purpose: to create a customer... It is the customer who determines what the business is... Because it is its purpose to create a customer, a business enterprise has two – and only these two – basic functions: marketing and innovation. Marketing and innovation produce results; all the rest are costs" (Drucker, 1954: p. 50). This quote is important because it connects innovation to market orientation. But the question is still open how they interrelate with each other. In spite of the rapidly changing economic and business environments innovation in marketing has not received a wide use yet and it is limited only for the products with different levels of newness. Hence, there are a lot of different approaches and methods which are tailored to the NPD process (Kotler and Keller, 2006; Cooper, 1993; Fuller, 1994; and others). But there are not particular stages with *customer* value creating issues (Kubakhov, 2004). In fact, the NPD process which is used in the marketing management theory and practice leads to the case when approximately 90% of new products are failures (Booz, Allen, and Hamilton, 1982; PDMI, 1990; Buisson, 1994; Rudolf, 1995; Cooper, 2001). Thus, it is difficult to propose that these "new products" were created with true superior customer value.

Unfortunately, the same "customer value" gap we could see with the meaning of value and the role of innovation in the field of MO research. The relationship between MO and innovation, particularly product newness, has been debated for decades. The results indicate that MO has significant relationships with innovation characteristics such as innovation-marketing fit, product advantage, and interfunctional teamwork but not with product newness and innovation-technology fit (Atuahene-Gima, 1996). But the new role of innovation in MO becomes apparent from introducing of two different views on MO: "the first is "responsive" (referred as "customer led" or "customer compelled") in which business attempts to discover, to understand, and to satisfy the expressed needs of customers; the second is "proactive" MO in which business attempts to discover, to understand, and to satisfy the latent needs of customers" (Slater *et al.*, 2004: p. 33). Incremental innovation is traditionally associated with the satisfaction of manifest needs, whereas radical innovation is associated with the satisfaction of latent needs (Baker and Sinkula, 2007).

We can conclude that the present stage of the evolution focuses on the proactive type rather than the responsive market-oriented behavior. We respect the results of Atuahene-Gima *et al.* (2005) research on conceptualization and test of the integrative model of responsive and proactive dimensions of MO. The authors' results suggest that "the benefits of the responsive and proactive forms of MO depend on their deployment at appropriate levels and *their separation rather than integration*" (Atuahene-Gima *et al.*, 2005: p. 477, emphasis added). In our view, this separation is grounded on deeper understanding of the nature of customer value.

Competition, Customer Value Creation, and Blue Ocean Strategy

For the past thirty years, competition has occupied the center of strategic thinking. In fact, a bulk of publications in strategy literature was dedicated competitive strategy during this period. Along with that, the acceleration of environmental change, the emergence of new economics, globalization, and rapid technological change are fundamentally transforming the nature of both competition and strategy. Moreover, they are opening up qualitatively new ways of creating value. These great changes lead both academics and practitioners from different business areas to conclusion that it is sharply needed new conceptual approaches to explain how firms have to meet new challenges in the way to achieve long-term success at the marketplace (Hamel and Prahalad, 1994; Henderson, 1981, 1983, 1989; Ohmae, 1982, 1988, 1991; and others).

For instance, perspectives on performance differences among firms questioned traditional rationality assumptions of neoclassical economics about the nature of strategic choice. Gavetti and Levinhtal (2004) argue that these analyses are increasingly being placed more centrally in a market context, where questions of consumer demand and market competition are now more salient than had been the case for earlier, more purely firm-centered accounts. They suggest that the framework of evolutionary economics (Nelson and Winter, 1982, 2002) rests on "a conceptual apparatus that is quite consistent with the nature of this movement and can be taken as representing an emerging archetype, or paradigm for this growing body of work, whose density has increased sufficiently to make it a significant, perhaps dominant, force in the strategy field" (Gavetti and Levinhtal, 2004: p. 1310).

The dual situation can be observed in the marketing domain. There are well-known two different concepts of competition in marketing: *industry competition* and *market competition* (Kotler and Keller, 2006). The first concept follows the tradition of neoclassical economics which places an industry at the center of competition theory and defines it as "a group of firms that offer a product or class products that are close substitutes for one another" (Kotler and Keller, 2006: p. 344). According to the market concept of competition, the primarily point of analysis is customer needs and, therefore, marketers must overcome "marketing myopia" of firm's internal strategic orientations such as production orientation, selling orientation and product orientation (Levitt, 1960). In contrast with the industry competition, it reveals a much broader set of actual and potential competitors because in that case they defined rather as "companies that satisfy the same customer needs" (Kotler and Keller, 2006: p. 346). There is no doubt that these distinctions in the meaning of competition in marketing result in different types of marketers' behavior and make big differences in marketing management activities within and outside of their firms.

Another basic premise for the great changes in competition and strategy under influence of fast-changing environment is the fundamental logic of creating value. Normann and Ramirez (1993) clearly explain this point of view: strategy is "the art of creating value". It is about how to identify opportunities for bringing value to customers and for delivering that value at a profit. They state that strategy is "the way a company defines its business and links together the only two resources that really matter in today's economy: knowledge and relationships or an organization's competencies and customers" (Normann and Ramirez, 1993: p. 65). However, traditional thinking about value is still based on the assumptions of industrial organization economics (IOE) that: (1) the market is distinct, i.e. there is clarity for customers and competitors, and (2) competition occurs at the level of product lines and/or businesses. Four statements show this way of thinking:

1) competition is about gaining share in existing businesses;
2) business boundaries are well defined;
3) customers and competitors are known;
4) competitiveness is at the level of a business unit (not at the level of a firm).

These assumptions are true when market structure is stable and the best measure of market influence is a market share. But "existing conceptions of "served markets" are not a good basis for understanding competitiveness in industries that are evolving… Measure of a firm's ability and influence in creating value to customers is the appropriate focus. The nodes of influence are not always at the end product level. Furthermore, the "market" is neither static nor easily defined… It is imperative that researches consider not only served markets, but also evolving markets; not only existing benefits to customer, but also newer (potential) benefits to customers" (Prahalad, 1990: p. v).

The modern research perspectives on "creating value with customers" are based on cooperatively building capacity to proactively create business opportunities. They include such as the following: building a customer-activity cycles (Vandermerve, 1996, 1999, 2000, 2004); continuously design and redesign of complex business systems (Normann and Ramirez, 1993); developing and dominating ecosystems (Iansiti and Leviev, 2004; Moore, 1993, 1996); using customers as innovators (Tomke and von Hippel, 2002); and value co-creation with customers (Prahalad and Ramaswamy, 2003, 2004). Recently, Prahalad and Ramaswamy (2003) concluded that people's access to information and their ability to dialog across consumer communities have changed the role of the consumer in today's businesses system. Armed with new tools and dissatisfied with available choices, they seek to exercise their influence in every part of the business system, want to interact with firms and, thereby, co-create value. It means that "the next practices of innovation must shift the focus away from products and services and onto experience environments – supported by a network of companies and consumer communities – to co-create unique value for individual customers" (Prahalad and Ramaswamy, 2003: p. 12). And this move leads to radical changes in all of the requirements for successful value creation (Prahalad and Ramaswamu, 2004).

Along with these different perspectives on competition and strategy, Kim and Mauborgne (2005) propose to divide all of the approaches in two distinct views of business strategy: (1) *the structuralist* or *environmental determinism*, that has its roots in IOE, and (2) *the reconstructionist,* which is built on the theory of endogenous growth. They argue that these two views have an important cultural implication of how companies think on and act with strategy.

The structuralist view is well known as the positioning school of strategy for its emphasis on exploiting industry structure as a source of competitive advantage (Porter, 1980; 1985). The goal of competitive strategy for a company is to find the right position in its industry so that its capabilities provide it with the best defense against the five basic industry competitive forces (of competitors, customers, suppliers, potential entrants, and substitute products). Because the total profit level of the industry is determined exogenously by structural factors, firms principally seek to capture and redistribute wealth instead of creating wealth. Taking market structure as given, such type of strategic behavior drives companies to try to carve out a defensible position against the competition in the existing market space that Kim and Mauborgne named "*red ocean"*. To sustain themselves in the marketplace, managers focus on building advantages over the competition, usually by assessing what competitors do and striving to do it better through benchmarking.

In contrast, the reconstructionist view originates from Schumpeter's initial observation that the forces that change economic structure and industry landscapes can come from within the system through innovation that can happen endogenously and that its main source is the creative entrepreneur (Schumpeter, 1942). This view explains how knowledge and ideas are deployed in the process of creation wealth produce endogenous growth for the firm. In particular, it proposes that this process can occur in any organization at any time by the cognitive reconstruction of existing data and market elements in a fundamentally new way. Ten years ago, Hamel and Prahalad (1994) introduced "prospecting" as a new type of business culture which allows a company "think differently". They proclaimed that "industries don't "evolve". Instead, firms eager to overturn the present industry order challenge "accepted practice", redraw segment boundaries, set new price-performance expectations, and reinvent the product or service concept… Understanding industry structure is not the same thing as reshaping it; keeping score of competitive advantage is not the same thing as inventing new advantages. Foresight, stretch, and leverage provide the energy and rationale for proactive advantage building and industry re-engineering." (Hamel and Prahalad, 1994: pp. 303-304).This "proactive" type of behavior leads a firm to *strategic innovation* (Hamel, 1996, 1998, 2000; Markides, 1997, 1998, 1999; Markides and Cusumano, 2001; Markides and Gerovski, 2005).

Following this reconstructionist view, Kim and Mauborgne propose the new strategic logic of "blue ocean strategy" (BOS) which is based on recognizing by managers the simple idea that the structure and market boundaries exist only in their minds. They call this logic "value innovation" because "instead of focusing on beating the competition in existing market space, you focus on getting out of existing market boundaries by creating a leap in value for buyers and your company which leaves the competition behind" (Kim and Mauborgne, 2005: p. 22). Practitioners who hold this view do not let existing market structures limit their thinking for drawing, in Hamel and Prahalad' s words, the "grand vision of the future". In the opposite to thinking according to the structuralist view which takes market structure as given, managers could try to consider how to get an extra demand from uncontested market space named "*blue ocean*". In fact, Kim and Mauborgne challenge managers to switch the strategic focus from the "known" industry to the "unknown" market.

The notable challenge for competition and business strategy was made recently by Eisenhardt and Sull (2001). They assert that for meeting the great environmental changes strategy should become simple, i.e. using one or two critical strategic processes and a handful of unique rules to guide them. Authors recommend reverse some prescriptions of traditional strategy as following: "rather than picking a position or leveraging a competence, managers should select a few key strategic processes. Rather than responding to a complicated world with elaborate strategies, they should craft a handful of simple rules. Rather than avoiding uncertainty, they should jump in" (Eisenhardt and Sull, 2001: p. 108). They argue that strategy also becomes temporal, i.e. composed of a series of strategic moves by altering one or more of organizational unique mix of products, brands, technology, capabilities, etc. Later Eisenhardt (2002) concludes that this change of the nature of strategy has an impact on the sustainability of competitive advantage because of its duration is unpredictable and this fact challenges managers to cope with not knowing whether such an advantage actually exists – except in retrospect.

Along with these contemporary requirements, Kim and Mauborgne have developed "simple rules" which guide, with the clear set of tools, the BOS formation process. It include such as "six principles", the "strategy canvas", the "value curve", the "eliminate-reduce-rise-create grid" and others. It is important to say that BOS obtained recognition all over the world and especially among Asian companies. Thus Samsung created VIC (Value Innovation Center) where more than 300 employers work on more than 30 different projects, and nowadays as a result we can see successful new products of this company (*The Korea Economic Daily*, 2004). But, in our view, the main questions are still remain open: (1) how a company have to combine or to switch between the two "oceans"; and (2) which situation and which types of firm are fit for that strategic choice. And we believe that the answer again lies through the deeper understanding of the nature of customer value and this is the big room for the further research on that topic.

ON THE WAY OF CONVERGENCE OF MARKET ORIENTATION AND BLUE OCEAN STRATEGY RESEARCH STREAMS

Driven by increasingly global and competitive markets, organizations are striving to better understand the drivers of market performance. As it has been shown at the first part of the paper, one of the key drivers has come from the sphere of marketing – it is MO. The empirical evidence shows that companies with higher market orientation obtain better economic and commercial results (Narver and Slater, 1990; Slater and Narver, 2000). Moreover, market orientation increases the strategic role of marketing (Day 1990, 1992, 1994, 1999; Day and Wensley, 1983; Hunt and Lambe, 2000; Morgan *et al.*, 2000; and others). It means that "instead of product-centered, "make-and-sell" philosophy, business shifted to a customer-centered, "sense-and-respond" philosophy. Instead of "hunting", marketing is "gardening". The job is not to find the right customers for your products, but the right products for your customers… the key to achieving organizational goals consist of the company being more effective than competitors in creating, delivering, and communicating superior customer value to its chosen target markets" (Kotler and Keller, 2006: p. 16).

However, it is still not clear how MO affects an organizational strategy. Slater and Narver asserted that "understanding the link between marketing as culture (i.e., market orientation) and marketing as strategy is important to our comprehensive appreciation of market orientation's contribution to organizational effectiveness" (Slater and Narver, 1996: p. 159). Although MO is widely recognized as a positive factor influencing on firm's profitability, several scholars and practices remain skeptical because, they argue, being market oriented detracts from innovation. However, Narver *et al*. (2000) suggested that criticizers failed in fully understanding of MO original meaning. In 1990 Kohli and Jaworsky wrote that MO entailed "one or more departments engaging in activities geared toward developing an understanding of customers' current *and future needs and the factors affecting them* (Kohli and Jaworsy, 1990: p. 6, emphasis added). In our view, this quote demonstrates two important issues clearly. Firstly, in according to the Kohli and Jaworsky's original definition, companies can make a choice of practicing both: (1) responsive type of MO that focuses on understanding and meeting customers' expressed needs, and/or (2) proactive MO that pays attention to customers' latent needs. The former type leads companies for developing only "low-level innovations" while the latter – "high-level innovation" (Narver *et al.*, 2000). Secondly, it opens the way to further understanding the connection between MO and organizational strategy toward creating the more adequate strategic marketing conceptual model of contemporary business organizations (Semenov, 2005).

We consider these issues quite reasonable to well-known duality of "market-driven/market-driving strategies" in the strategic marketing domain (*Kelloggs on Marketing*, 2000; Kumar *et al.*, 2000; Kumar, 2004). In our view, market-driven and market-driving strategies are contrasted in the context of innovations. The first one is about product-based innovations and the second one is associated with the experience-based innovations according with the perspectives on co-creating value with customers. In Kim and Mauborgne' approach, the market-driven strategy well tailored for "red oceans" and the market-driving strategy leads to creating "blue oceans".

In conclusion we can assure that the similarities between MO and BOS approaches has became evident and we hypothesize that they converge to the concept of "market-driving strategy". We recognized the following key points for that convergence:

1) transition of fundamental assumptions from IOE to evolutionary economics;
2) move from product-based innovation to experience innovation;
3) new tools and models of performance measurement that are based on “creating value with customers” perspectives;
4) new meaning of interrelations between marketing and innovation through customer value creation process;
5) strategic duality in MO (between responsive and proactive types) and BOS (“red oceans” and “blue oceans”);
6) necessity of understanding the nature and usefulness of market knowledge for deeper understanding the nature of firm’s success in the market;
7) proactive type of organizational culture.

We believe that it is opening a huge road for future research both theoretical and empirically oriented. They will dedicate the deeper understanding of the meaning of the market knowledge itself. This is the way of creating the “market-based enterprise” which could continuously “hear the voice of the market” toward the profitable using the “market mind” through the “marketing metaphoria” (Barabba, 1995; Barabba and Zaltman, 1991; Zaltman, 2003, Zaltman and Zaltman, 2008).

DISCUSSION AND FUTURE RESEARCH

Despite of the fact that MO has originally proposed as the form of operationalization of the marketing concept at the edge of millennium we have found a serious challenge for MO idea itself. In our view, it’s closely connected with the understanding of the nature of customer value and new meaning of interrelations between innovation and marketing in an organization. Traditionally two Druckers’ functions of an enterprise are considered separately both in marketing and management domains. But the evolution of MO prioritizes the superior customer value as the base for consolidation of these functions.

We suppose that further development of the two distinct types of MO (responsive and proactive) will lead a firm to closely connected but different by nature directions: *market driven* by traditional marketing with product-based innovations and *driving markets* by strategic marketing with experience-based innovation. The former has to be considered as market-driven strategy well used in competing for the “red oceans” while the latter – as market-driving strategy used for creating the “blue oceans” of uncontested market space.

This finding suggests a new avenue for strategic marketing research. Three research questions of this agenda include: (1) proactive MO and responsive MO strategic correspondence; (2) BOS and marketing strategy interrelations; and (3) contribution of BOS to creating proactive MO.

References are available on request.