

## Market orientation and hotel performance: The mediating effect of creative marketing programs

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### **Abstract**

This work investigates the indirect effects between market orientation and hotel performance through creative marketing programs. The focus is on exploring the indirect effects between 1) customer orientation, competitor orientation, and cross-functional integration; and 2) hotel financial performance through two aspects of creative marketing programs, namely, novelty and meaningfulness. Through an empirical analysis using structural equation modeling, we discovered four mediation phenomena in the hotel industry: customer orientation positively correlates to a hotel's financial performance through the meaningfulness and novelty of marketing programs, but competitor orientation and cross-functional integration contribute to the hotels' performance only via the meaningfulness of such programs. Furthermore, it was observed that customer orientation plays the most important role in market orientation, in terms of how well a hotel performs. These findings are used to discuss managerial implications and future research directions.

**Keywords:** market orientation, creativity, hotel performance, mediation, marketing program

### **1. Introduction**

Every commercial organization serves its customers while also facing competitors, and therefore, market orientation plays a pivotal role in business. Market-oriented firms strive towards high performance by attempting to satisfy customers' needs and desires better than their rivals (Ellis, 2006; Jogaratnam, 2017; Kirca, Jayachandran, & Bearden, 2005; Qu, 2014). Many studies have shown a positive link between market orientation and performance (e.g., Y. K. Lee, Kim, Seo, & Hight, 2015;

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Masa'deh, Obeidat, Al-Dmour, & Tarhini, 2015; Narver & Slater, 1990; Wilson, Perepelkin, Zhang, & Vachon, 2014). However, others have provided evidence of no such link (e.g., Greenley, 1995; Harris, 2001; Qu, 2014; Suliyanto & Rahab, 2012).

A probable explanation for these mixed results is that market orientation alone is not sufficient to achieve excellent results. According to Narver and Slater (1990 p. 21), "market orientation is the organization culture that most effectively and efficiently creates the necessary behaviors for the creation of superior value for buyers and, thus, continuous superior performance for business." Therefore, a market-oriented culture is the first step in a sequence that leads to high company performance. Scholars have used different mediators that transmit market orientation into company performance (e.g., Sampaio, Hernández-Mogollón, & Rodrigues, 2018; Selmi & Chaney, 2018).

This study investigates the indirect effect of market orientation on a hotel's performance through marketing creativity. Specifically, it focuses on exploring the indirect effect between 1) customer orientation, competitor orientation, and cross-functional integration; and 2) the hotel's financial performance, through two aspects of creative marketing programs: their novelty and meaningfulness.

A review of the literature showed that positioning strategies (Iyer, Davari, Zolfagharian, & Paswan, 2018), marketing capabilities (e.g., Murray, Gao, & Kotabe, 2011), consumer engagement (Mamun, Mohiuddin, Fazal, & Ahmad, 2018), customer value (Sahi, Gupta, & Lonial, 2018), crowdsourcing (Devece, Llopis-Albert, & Palacios-Marqués, 2017), innovation capability (Migdadi, Zaid, Yousif, Almestarihi, & Al-Hyari, 2017), customer loyalty and customer satisfaction (Lin & Brown, 2010), job satisfaction (Idrus, Ahmar, & Abdussakir, 2018), service quality (Kaliappen, Hilman, & Abubakar, 2017; Sampaio et al., 2018), revenue management (Selmi & Chaney, 2018), and corporate social responsibility (Qu, 2009) have been proposed as mediators between market orientation and company performance. We assume that creative marketing programs are an important consequence of a hotel's market orientation and that these programs, in turn, yield good performance. It is posited that marketing creativity mediates the relationship between market orientation and firm performance. Our study is the first attempt to formally verify such mediation relationships. The focus of this work is on hotel services, because hotels' results depend on their marketing concepts (Hinson, Abdul-Hamid, & Osabutey, 2017; Tajeddini, 2010).

The literature shows that creativity is linked to innovation (e.g., Amabile & Pratt, 2016; N. Anderson, Potočnik, & Zhou, 2014; C. Lee, Hallak, & Sardeshmukh, 2019). This linkage is also substantially supported: first, by the essential meaning of each of the two terms, and second, by the entire innovation process. According to Amabile and Pratt (2016), creativity is concerned with producing novel and useful ideas, whereas innovation is their successful implementation. While these two terms are distinct, they have one thing in common: a creative idea. The latter is generated within creativity and implemented in innovation (Magadán & Rivas, 2018). Something that is supposed to be innovative is based on a creative idea; therefore, some authors incorporate creation of concepts in the entire innovation process (e.g., N. Anderson et al., 2014; Koen et al., 2002).



Moreover, creativity and innovation are recognized as important drivers of an organization's performance, which also applies to the hotel industry (Yfantidou, Spyridopoulou, Chatzigeorgiou, & Malliou, 2019). This is because they represent organizational capabilities that are required to react to changes in the environment. Both creativity and innovation are seen as important elements of an organization's so-called dynamic capabilities (Ferreira, Coelho, & Moutinho, 2018; Lawson & Samson, 2001), which are required for a competitive advantage and high performance in unstable surroundings (Teece, 2017; Teece, Pisano, & Shuen, 1997). Empirical evidence exists of the positive impact of creativity on innovation (Camarero, Garrido, & Vicente, 2019; del-Corte-Lora, Vallet-Bellmunt, & Molina-Morales, 2017; Knudsen & Çokpekin, 2012), as well as of the positive influence of innovation on performance (Anh & Thong, 2017; Cheng & Krumwiede, 2010). In the hotel industry, creativity has been applied to a large extent by managers to govern hotels (Kattara & El-Said, 2013). Grisseemann, Plank, and Brunner-Sperdin (2013) reported that customer orientation enhances innovation behavior, which, in turn, positively impacts hotels' performance. Moreover, Tajeddini (2010) as well as Zhou, Brown, and Dev (2009) found that innovation leads to greater market and financial performance for hotels.

This research contributes to the existing knowledge in several ways. First, knowledge of mediators, such as the novelty and meaningfulness of a hotel's marketing programs, will help better understand the link between market orientation and hotel industry performance. Second, marketing creativity and its antecedences and consequences have received some attention in the hotel industry. Creative marketing is relevant to hotels because of the nature of their services and fierce competition in the industry. Finding the antecedents of marketing creativity and their impact on a hotel's performance will allow hotel managers to adopt a proper course of action to achieve a distinct market position. Third, no study has yet compared the overall effect of each market orientation dimension on a firm's financial performance through creative marketing programs. Our study examines this issue in the hotel industry. By addressing this problem, we aim to initiate a scientific discussion on the various impacts of market orientation on performance.

## **2. Theoretical background and hypotheses development**

### **2.1. Theoretical background**

This study adopts the approach by Narver and Slater (1990), who proposed three components of market orientation: customer orientation, competitor orientation, and cross-functional integration. The first component aims to understand the target customers in order to provide them with superior value; the second is based on the seller's understanding of the strengths, weaknesses, and capabilities of current and potential competitors; and the third relies on communication and coordination, information sharing, and joint involvement to create superior value for clients.



Amabile and Pratt (2016 p. 158) defined creativity as “the production of novel and useful ideas by an individual or small group of individuals working together.” Therefore, marketing program creativity is the extent to which the marketing actions of a product (or service) are meaningful and novel for customers compared to common practices in the product category (Andrews & Smith, 1996). This definition emphasizes two important aspects of creative output: meaningfulness and novelty. Meaningfulness indicates an understanding of marketing activities that are appropriate and useful for customers. Novelty refers to how unique these activities are perceived as compared to those of competitors (Amabile & Pratt, 2016; Im & Workman, 2004). Hence, creative marketing programs make a significant difference for firms in terms of competition.

The novelty of marketing programs is what draws the attention of customers and attracts them to the company’s offers, but the meaningfulness (or usefulness) is what facilitates customers to remember the offer and to repeat their purchases often (Fischer, Malycha, & Schafmann, 2019; Green, 2016). The meaningfulness of marketing programs, which refers to the attributes and functions of marketing activities that hotel guests perceive as valuable and beneficial, should produce value for the target client (Heimonen & Kohtamäki, 2019; Sethi, Smith, & Park, 2001).

An organization’s innovation capability is expressed in its ability to introduce new physical products or services, processes, and innovative marketing approaches through the continuous acquisition of knowledge and transformation of ideas (Lawson & Samson, 2001; Yfantidou et al., 2019). Therefore, hotels with high innovative capacity can introduce more innovative marketing programs than their competitors. However, marketing programs can only be perceived as innovative if they are based on creative ideas. Accordingly, hotels can offer guests a higher value in terms of usefulness, and can attempt to match marketing activities to continually changing tastes and preferences (Lawson & Samson, 2001; Magadán & Rivas, 2018; Wang & Dass, 2017). In this case, the close relationship between creativity and innovation is visible, especially in the dimension of meaningfulness of the activities that constitute marketing programs. A marketing program that satisfies specific guest needs through creative solutions can generate significant value, not only because of the high quality of the offer, but also by offering additional utilities to facilitate the realization of appropriate activities (Heimonen & Kohtamäki, 2019; Magadán & Rivas, 2018).

Creativity and innovation are two drivers of a hotel’s performance, which is determined by two distinct approaches (Sainaghi, Phillips, & Zavarrone, 2017) — nonfinancial and financial (e.g., Grisseemann et al., 2013; Vega-Vázquez, Cossío-Silva, & Revilla-Camacho, 2016; Zhou et al., 2009). The first approach is based on market or customer performance, and the second takes into account the hotel’s financial result expressed as, for example, sales revenue, occupancy, or profit (Zhou et al., 2009). This work adopts the latter approach.

The resource-based view of the firm informs this study’s theoretical background. According to this theory, a hotel’s market orientation aids in developing the market-based resources (e.g., relationships with customers, market knowledge, marketing intelligence) that are used to achieve good

results (Srivastava, Fahey, & Christensen, 2001). However, Teece (2017) distinguished resources (i.e., tangible and intangible assets) and capabilities (i.e., the capacity to utilize resources to perform a task), with the latter encompassing a firm's dynamic capability to deploy its resources to align with its unstable organizational environment (Teece et al., 1997). In line with this theory, each of the three aforementioned market orientation dimensions can be viewed as a hotel's specific capacity that results directly in creative marketing programs, and indirectly — via these programs — in the hotel's positive financial performance.

## 2.2. Hypotheses development

Customer-oriented organizations possess the cultural characteristics needed to offer unique and valuable products that respond to expressed and latent consumer needs (Agnihotri, Rapp, Andzulis, & Gabler, 2014; Sok & O'Cass, 2015). It is believed that the organizational processes related to customer orientation aid dynamic capabilities that foster creative and innovative behaviors (Blocker, Flint, Myers, & Slater, 2011). Im and Workman (2004) have shown that customer orientation positively affects marketing programs' creativity for product innovations in high-technology firms. Therefore, it is assumed that customer orientation in the hotel industry will also positively influence both dimensions of creative marketing — meaningfulness and novelty — and, in turn, that creativity will enhance a hotel's performance (Sigala & Chalkiti, 2015). According to Amabile and Pratt's (2016) creativity and innovation model, an organization that supports creativity could achieve better results than others. A positive relationship between creative marketing and financial performance has been established (Weinzimmer, Michel, & Franczak, 2011). Therefore, the following hypotheses are proposed:

H1a: Customer orientation positively and indirectly affects a hotel's financial performance through the meaningfulness of marketing programs.

H1b: Customer orientation positively and indirectly affects a hotel's financial performance through the novelty of marketing programs.

Competitor orientation gives a hotel insights into its competitors, their strengths and weaknesses, and strategies and marketing programs (Zhou, Brown, Dev, & Agarwal, 2007), thus increasing its knowledge about its competitive environment. The hotel may use this understanding to create a superior marketing campaign that differentiates it from its competitors, and which will be both meaningful and novel for customers. This logic is aligned with the creativity and innovation model (Amabile & Pratt, 2016), because expertise or factual knowledge about a topic is recognized as a determinant of creativity. Hence, competitor orientation may lead to the development of creative marketing programs in a hotel, which, in turn, are likely to boost the hotel's financial performance, as previously described. Therefore, it is proposed that:

H2a: Competitor orientation positively and indirectly affects a hotel's financial performance through the meaningfulness of marketing programs.

H2b: Competitor orientation positively and indirectly affects a hotel's financial performance through the novelty of marketing programs.

As stated before, cross-functional integration is based on communication, information sharing, and exchange of knowledge and ideas. It has been demonstrated that factors such as collaboration and coordination between groups and the open flow of ideas, which are elements of cross-functional integration, may stimulate creativity (Amabile & Pratt, 2016). Cross-functional integration simplifies the generation of novelty in functional areas (Hult & Ketchen, 2001; Kim, Im, & Slater, 2013) and influences the meaningfulness of creative output (Im & Workman, 2004). Again, creative marketing, in turn, is likely to lead to enhanced financial performance. Therefore, cross-functional integration of hotel departments should enhance creativity in both aspects — meaningfulness and novelty. Thus:

H3a: Cross-functional integration positively and indirectly affects a hotel's financial performance through the meaningfulness of marketing programs.

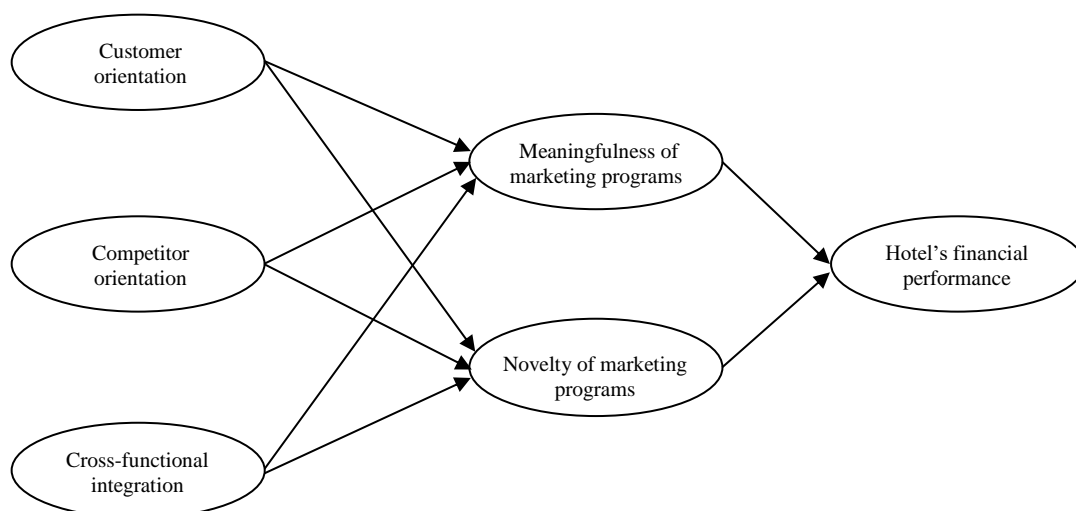
H3b: Cross-functional integration positively and indirectly affects a hotel's financial performance through the novelty of marketing programs.

The central element of the market orientation concept is customers, because the overall organizational effort is aimed at creating superior value for them (O'Cass & Sok, 2015; Tajeddini, 2011). The other components play a rather auxiliary role in delivering superior value to customers. Therefore, customer orientation is considered the most important among the three market orientation dimensions in influencing a hotel's performance through creative marketing. It is hypothesized that:

H4a: Customer orientation has a stronger influence than competitor orientation on a hotel's financial performance through creative marketing programs.

H4b: Customer orientation has a stronger influence than cross-functional integration on a hotel's financial performance through creative marketing programs.

The conceptual model of this study is presented in Fig. 1, along with the relationships hypothesized in H1a through H3b.



### Fig. 1. Conceptual model

*Note:*

H1a: Customer orientation → Meaningfulness of marketing programs → Hotel's financial performance

H1b: Customer orientation → Novelty of marketing programs → Hotel's financial performance

H2a: Competitor orientation → Meaningfulness of marketing programs → Hotel's financial performance

H2b: Competitor orientation → Novelty of marketing programs → Hotel's financial performance

H3a: Cross-functional integration → Meaningfulness of marketing programs → Hotel's financial performance

H3b: Cross-functional integration → Novelty of marketing programs → Hotel's financial performance

## 3. Methods

### 3.1. Sample and procedure

The target group was hotels that operate around the year in Poland. We used the Polish Ministry of Sport and Tourism's registry to prepare the sampling frame. This registry included 2,707 hotels, and we drew a sample of 700 hotels using a simple random method due to resource constraints. The managers or owners of these hotels were contacted by phone to explain the purpose of the research and to invite them to participate in the study. They were then sent an email with a link to our questionnaire. A feedback report was offered for every completed questionnaire as an incentive for participation. The questionnaire was developed on the Google Docs platform, and all questions were marked as "required", thus preventing data from being omitted. Of the 700 questionnaires sent, we received 219 valid ones, which represents a 31.3% response rate. The survey was carried out from November 2016 to June 2017.

The sample is described in terms of hotel size, category, and type. With regard to hotel size, 54.8% of the hotels had 11–50 rooms, 24.2% had 51–100 rooms, 16.0% had 101–200 rooms, 4.1% had more than 200 rooms, and only 0.9% had less than 10 rooms. In terms of category, 73.5% were two- or three-star hotels, 22.4% were four- or five-star hotels, and only 4.1% were one-star hotels or had no stars. Most were individually owned (80.8%), and some were associated with chains (19.2%).

### 3.2. Measures

Our customer orientation, competitor orientation, and cross-functional integration constructs were based on the Narver and Slater's (1990) proposition and its later application by Im and Workman (2004). To measure constructs that represented creativity — that is, meaningfulness and novelty of marketing programs — Im and Workman's (2004) scales were adopted. All items were rated on a seven-point Likert scale, ranging from 1 (strongly disagree) to 7 (strongly agree). The measure of financial performance included three items adopted from Grisseman et al. (2013) and Zhou et al. (2009), and were rated on a seven-point scale, ranging from 1 (far below planned) to 7 (far above planned).

### 3.3. Data analysis

In line with Anderson and Gerbing (1988), we analyzed the data in two steps. First, we used a confirmatory factor analysis (CFA) to verify the measurement model, followed by structural equation

modeling (SEM) to test our hypotheses. Despite the lack of consensus on the recommended SEM sample size, according to Hair et al. (2014), a sample of 219 units is sufficient for this study in terms of model complexity. The Mplus v. 8.1 program (L. K. Muthén & Muthén, 2012) was used to perform CFA and SEM estimations because of two important features. First, this software offers a mean-adjusted maximum likelihood (MLM) estimator that can be used for non-normal data (Lei & Wu, 2012; L. K. Muthén & Muthén, 2012). Second, it allows indirect effects to be tested, which are included in one parallel multiple-mediator model (B. O. Muthén, Muthén, & Asparouhov, 2016) as recommended by Hayes and Rockwood (2017). Both these properties are relevant for this work.

The univariate skewness and kurtosis estimates of all indicators (see Appendix A) were lower than the normality thresholds of 3 for skewness and 7 for kurtosis (Nevitt & Hancock, 2000), therefore showing no severe deviation from univariate normality. However, the data revealed a substantial multivariate kurtosis because Mardia's normalized estimate was 40.10. According to Bentler (2005), values for Mardia's normalized multivariate kurtosis greater than 5 indicate non-normal distributed data. Therefore, the MLM estimator that is robust to data non-normality was applied to analyze the data.

Baron and Kenny (1986 p. 1173) define mediation as a “mechanism through which the focal independent variable is able to influence the dependent variable of interest.” The variable  $M$  is a mediator between an independent variable  $X$  and a dependent variable  $Y$  if  $M$  is causally located between  $X$  and  $Y$ ; therefore, the mediator variable  $M$  is affected by  $X$  and, in turn,  $M$  affects  $Y$  (Hayes & Rockwood, 2017). This mechanism explains the indirect effect of  $X$  on  $Y$  through  $M$ . However, some causal relationships operate through more than one mechanism, in which case a multiple-mediator model is considered. If these mechanisms ever occur “in parallel,” a parallel multiple-mediator model represents such a phenomenon (Jose, 2013). The proposed model, shown in Fig. 1, comprises a set of three parallel multiple-mediator models. In the first model, the independent variable is customer orientation, the second features competitor orientation, and the third, cross-functional integration. Each of these models includes two parallel mediators — novelty and meaningfulness of creative marketing programs — and the dependent variable in each model is the hotel's financial performance. To verify the indirect effects, Hayes and Rockwood's (2017) recommendations were taken: first, we tested the product of effects that constitute each indirect effect and, second, estimated all the indirect effects in one multiple-mediator model. According to Jose (2013), the best way to estimate such a model is to apply SEM; this was therefore performed using the Mplus software that allows indirect effects in the proposed model to be verified (Hayes, Montoya, & Rockwood, 2017).

In the conceptual model, the two mediators cover two aspects of the same domain (marketing creativity); they therefore share at least one omitted cause, for example, the intrinsic motivation to do the task. Therefore, the model includes residual covariance between the two mediators, as indicated by Jose (2013), Kline (2012), and Muthen et al. (2016). Two control variables were also used in the



analysis — hotel size measured in number of rooms and category measured in number of stars — to avoid the confounding problem of endogenous variables.

## 4. Results

### 4.1. Measurement model

The CFA involved the six constructs presented in the model and listed in Table 1. Initial analysis led to the elimination of one item representing cross-functional integration (communication of information about successful and unsuccessful customer experiences), but other items were retained. The measurement model provided a good fit to the data:  $\chi^2(237) = 320.355$ ,  $p < 0.001$ ; standardized root mean square residual (SRMR) = 0.049; root mean square error of approximation (RMSEA) = 0.040; comparative fit index (CFI) = 0.971; Tucker-Lewis index (TLI) = 0.966;  $\chi^2/df = 1.35$ . A chi-square test was used to assess the fit of the model. However, this test is sensitive to the sample size (West, Taylor, & Wu, 2012), and thus, other fit indices recommended for the MLM estimator were applied (West et al., 2012). The latter indices met the required standards for an acceptable fit: an SRMR value of 0.08 or less, a RMSEA value of 0.06 or less, CFI and TLI values of 0.95 or higher, and an  $\chi^2/df$  value of 5 or less (Hu & Bentler, 1999; West et al., 2012). The estimates of the standardized loadings of all items are highly significant (the lowest  $t$ -value is 8.17) and greater than 0.54 (Hair et al., 2014). The average variance extracted (AVE) exceeds the 0.5 threshold (Fornell & Larcker, 1981) for each of the six constructs, as indicated in Table 2. Overall, these results indicate an adequate convergent validity of the measurement model.

**Table 1.** Constructs, reliability and validity coefficients

Latent variables	Indicators	$\lambda$	$t$ -Value
Customer orientation	CU1. Our hotel objectives are driven primarily by customer satisfaction.	0.576	10.831
	CU2. We constantly monitor our level of commitment and orientation to serving customers' needs.	0.870	39.828
	CU3. Our strategy for competitive advantage is based on our understanding of customers' needs.	0.634	12.691
	CU4. Our business strategies are driven by our beliefs about how we can create greater value for customers.	0.747	19.169
	CU5. We measure customer satisfaction systematically and frequently.	0.801	30.505
Competitor orientation	CO1. Our sales and marketing people regularly share information within our business concerning competitors' strategies.	0.691	19.436
	CO2. We rapidly respond to competitive actions that threaten us.	0.837	30.999
	CO3. Top management regularly discusses competitors' strengths and strategies.	0.794	25.409
	CO4. We target opportunities where we have an opportunity for competitive advantage.	0.756	22.936
Cross-functional integration	IN1. Our top managers from every function regularly contact our current and prospective customers.	0.544	9.519
	IN2. All of our business functions are integrated in serving the needs of our target markets.	0.790	18.368
	IN3. All of our managers understand how everyone in our business can contribute to creating customer value.	0.780	17.180
	IN4. All functional groups work hard to thoroughly and jointly solve customer problems.	0.807	19.198
Meaningfulness of marketing programs	Compared to your competitors, your marketing programs ....	0.875	43.583
	ME1. are relevant to customers' needs and expectations. ME2. are considered suitable for customers' desires.	0.898	49.910

	ME3. are appropriate for customers' needs and expectations.	0.850	32.305
	ME4. are useful for customers.	0.761	20.971
Novelty of marketing programs	Compared to your competitors, your marketing programs ....	0.867	40.232
	NO1. are truly 'out of the ordinary'.		
	NO2. can be considered as revolutionary.	0.933	79.829
	NO3. are stimulating.	0.878	53.148
	NO4. show an unconventional way of solving problems.	0.875	47.935
Financial performance	To what extent the results of your hotel are in line with those planned in terms of:	0.949	71.535
	PER1. sales revenues.		
	PER2. occupancy.	0.847	29.620
	PER3. gross operating profit.	0.931	58.356

$\lambda$  – Standardized loadings.

The square root of the AVE was calculated for the constructs to evaluate the discriminant validity of the measurement model. The results are presented in Table 2, where the construct correlations are given in off-diagonal cells and the square root of AVE values are shown in diagonal cells. The AVE square root for each construct exceeds the highest correlation among the latent factors involving the focal factor, thus providing proof for adequate discriminant validity (Fornell & Larcker, 1981).

The composite reliability measure was computed to evaluate the construct reliabilities. The composite reliability values are shown in Table 2; all values are well above the recommended level of 0.7, which demonstrates the internal reliability of the constructs (Bagozzi & Yi, 2012). Altogether, it can be concluded that our measurement model is acceptable.

**Table 2.** Construct correlations and discriminant validity

	CR	AVE	1	2	3	4	5	6
1. Customer orientation	0.85	0.54	0.733					
2. Competitor orientation	0.85	0.60	0.685	0.771				
3. Cross-functional integration	0.82	0.55	0.624	0.517	0.738			
4. Meaningfulness of marketing programs	0.91	0.72	0.704	0.611	0.602	0.847		
5. Novelty of marketing programs	0.94	0.79	0.636	0.473	0.417	0.600	0.889	
6. Hotel's financial performance	0.94	0.83	0.574	0.410	0.336	0.459	0.478	0.910

Off-diagonal: construct correlations; along-diagonal: square-root of AVE; for all correlations  $p < 0.001$ .

CR – Construct reliability; AVE – Average variance extracted.

It should be noted that common method variance (CMV) may occur because information was collected simultaneously using a single instrument (Malhotra, Schaller, & Patil, 2017). To reduce the potential for CMV, procedural remedies and statistical techniques were applied (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). The procedural remedies included arranging constructs in different sections, improving wording of items, reducing item ambiguity, and ensuring respondent anonymity. A CFA was used to test Harmon's single-factor model for statistical remedies. The model fit the data very poorly —  $\chi^2(252) = 1384.765, p < 0.0001$ ; SRMR = 0.100; RMSEA = 0.143; CFI = 0.605; TLI = 0.568 — thus indicating that the one-factor model is not acceptable. The results suggest that CMV is unlikely to be a problem.

#### 4.2. Hypotheses testing

The structural model displayed in Fig. 1 demonstrates a good model fit:  $\chi^2(282) = 417.973, p < 0.001$ ; SRMR = 0.068; RMSEA = 0.047; CFI = 0.956; TLI = 0.950;  $\chi^2/df = 1.48$ . Table 3 shows the parameter estimates and significance levels for the structural model.

**Table 3.** Parameter estimates and significance levels

Effect	Estimate (standardized)	p-Value
Customer orientation → Meaningfulness of marketing programs	0.433	0.000
Customer orientation → Novelty of marketing programs	0.534	0.000
Competitor orientation → Meaningfulness of marketing programs	0.196	0.011
Competitor orientation → Novelty of marketing programs	0.093	0.367
Cross-functional integration → Meaningfulness of marketing programs	0.235	0.002
Cross-functional integration → Novelty of marketing programs	0.019	0.800
Meaningfulness of marketing programs → Hotel's financial performance	0.312	0.000
Novelty of marketing programs → Hotel's financial performance	0.245	0.002

Table 4 shows the test results for H1a to H3b. An examination of indirect effects reveals that there are indirect and positive relationships between customer orientation and the hotel's financial performance through the meaningfulness ( $\beta = 0.135, p < 0.01$ ) and novelty ( $\beta = 0.131, p < 0.05$ ) of marketing activities. Therefore, both H1a and H1b are supported. Aggregating these two indirect effects generates a significant parallel, indirect positive effect ( $\beta = 0.266, p < 0.001$ ).

An indirect positive relationship between competitor orientation and financial performance through the meaningfulness of marketing programs was also found ( $\beta = 0.061, p < 0.05$ ); however, there is no such link via novelty ( $\beta = 0.023, p > 0.05$ ). Hence, H2a is supported but H2b is not. The total indirect effect generated by the two mediators considered is significant and positive ( $\beta = 0.084, p < 0.05$ ). This finding is possible because the overall total indirect effect is statistically tested (Hayes & Rockwood, 2017).

In addition, results show that there is an indirect positive link between cross-functional integration and financial performance through meaningfulness ( $\beta = 0.074, p < 0.05$ ). Yet, contrary to expectations, such a relationship through novelty of marketing programs was not observed ( $\beta = 0.005, p > 0.05$ ). These findings support H3a but not H3b. However, if these two indirect effects are combined, the total indirect effect is significant and positive ( $\beta = 0.078, p < 0.05$ ).

**Table 4.** Indirect effects and results of testing hypotheses H1a – H3b

Effects of market orientation's constructs on financial performance	Estimate (Standardized)	p-value	Hypotheses' verification
<i>Effects from customer orientation to hotel's financial performance</i>			
Total indirect	0.266	0.000	
<i>Specific indirect effects</i>			
H1a: Customer orientation → Meaningfulness of marketing programs → Hotel's financial performance	0.135	0.001	Supported
H1b: Customer orientation → Novelty of marketing programs → Hotel's financial performance	0.131	0.019	Supported
<i>Effects from competitor orientation to hotel's financial performance</i>			
Total indirect	0.084	0.037	

<i>Specific indirect effects</i>			
H2a: Competitor orientation → Meaningfulness of marketing programs → Hotel's financial performance	0.061	0.022	Supported
H2b: Competitor orientation → Novelty of marketing programs → Hotel's financial performance	0.023	0.362	Not supported
<hr/>			
<i>Effects from cross-functional integration to hotel's financial performance</i>			
Total indirect	0.078	0.014	
<i>Specific indirect effects</i>			
H3a: Cross-functional integration → Meaningfulness of marketing programs → Hotel's financial performance	0.074	0.017	Supported
H3b: Cross-functional integration → Novelty of marketing programs → Hotel's financial performance	0.005	0.801	Not supported

To verify hypotheses H4a and H4b, the overall effect of customer orientation on a hotel's financial performance was compared — first, to the total effect of competitor orientation on this performance and, second, to the total effect of cross-functional integration on this performance — through both dimensions of creative marketing programs. The Wald chi-square test shows that the effects in both these cases are not equal — that is,  $\chi^2(1) = 11.215$ ,  $p < 0.001$  for customer orientation versus competitor orientation, and  $\chi^2(1) = 10.803$ ,  $p < 0.01$  for customer orientation versus cross-functional integration. Therefore, H4a and H4b are supported, because the total indirect effect value of customer orientation on the hotel's performance is higher than in the two other total indirect effects.

Although the conceptual model fits the data well, it was compared to two alternative mediation models to provide support for the proposed model. The first model assumed no relationship between creative marketing programs and performance, and the second model assumed no relationship among the three dimensions of market orientation and those of creative actions. Both models are nested in the conceptual model; therefore, they were expected to have a worse fit to the data than the proposed one. The fit characteristics for the alternative models were as follows: for the first model,  $\chi^2(284) = 468.201$ ,  $p < 0.0001$ , RMSEA = 0.054, TLI = 0.933, CFI = 0.941, SRMR = 0.147,  $\chi^2/df = 1.65$ ; and for the second one,  $\chi^2(288) = 560.921$ ,  $p < 0.0001$ , RMSEA = 0.066, TLI = 0.902, CFI = 0.912, SRMR = 0.234,  $\chi^2/df = 1.95$ . In both cases, the SRMR index considerably exceeded the critical value, rendering both not acceptable. Additionally, the Satorra-Bentler scaled chi-square difference test  $T_s$  (Kline, 2016) shows that both non-mediation solutions resulted in a significant decrease in model fit compared to the model with mediation; for the first model,  $T_s = 130.95$ ,  $df = 2$  ss; and for the second,  $T_s = 242.57$ ,  $df = 6$  ss. Therefore, the mediation model provides a better solution than both non-mediation models.

## 5. Discussion and conclusion

### 5.1. Discussion

The indirect effects of market orientation on a hotel's performance through marketing creativity have not been researched to date; only the direct effects have been investigated in different contexts (e.g., other types of goods and industry). Hence, though there are no previous findings on indirect effects to compare ours with, we believe that these direct effects can be confronted with, and discussed in



relation to, our direct scores (showed in Table 3). Direct relationships between the dimensions of customer orientation and those of creative marketing programs were researched by Im and Workman (2004) in the context of new high-technology products. The estimation of direct effects in our work is consistent with their results because both found: 1) a positive relationship between customer orientation and the meaningfulness of marketing programs; 2) a positive relationship between cross-functional integration and the meaningfulness of the programs; 3) and no significant relationship between cross-functional integration and the novelty of marketing programs. However, some inconsistencies exist: we found that customer orientation positively affects the novelty of marketing programs, and competitor orientation positively affects the meaningfulness of these programs. While Im and Workman reported no significant effects in these cases, they still hypothesized that both these effects are positive. In addition, in their work, the effect of competitor orientation on the novelty of marketing programs was positive and significant, while in our work, it was positive but not significant. It can be concluded that our results are partially aligned with those of Im and Workman (2004). The dissimilarities could be assumed to originate from the differences between the types of goods studied — that is, physical products versus services — as well as from the difference in industries — high-technology versus hotel industries.

The direct effects of the meaningfulness and novelty of marketing programs on performance were researched by Kang, Hur, and Kim (2014) in relation to alliance orientation, as well as by Im and Workman (2004). The results of the first work showed that both dimensions of alliance marketing program creativity — namely, its meaningfulness and novelty — were positively related to market performance; these results fully coincide with our findings. In the case of Im and Workman (2004), only the meaningfulness of marketing programs was positively related to new product performance, while the novelty was not significantly associated; hence, the results are partially aligned with ours. Therefore, while the results of previous research are generally in line with ours, slight differences persist, probably due to the specific context of our study — the investigation of marketing programs in the hotel industry — apart from the aforementioned factors.

## 5.2. Theoretical contribution

This study shows that a hotel's customer orientation translates into good financial performance through both dimensions of creative marketing programs. Therefore, we contribute by, first, showing that the hotel's culture of orientation towards customers — which some researchers define as sufficient understanding of customer needs and the ability to provide superior value (e.g., O'Cass & Sok, 2015; Yadegaridehkordi, Nilashi, Nasir, & Ibrahim, 2018) — results in meaningful and novel marketing programs that, in turn, enhance financial performance. Both indirect effects have nearly the same strength; hence, the meaningfulness and newness of marketing are of equal importance in transferring customer orientation into financial performance. Further, we can conclude that customer orientation

can be perceived as a hotel's key strength for developing creative marketing programs that boost innovation and financial performance.

Second, this study reveals the indirect relationships that stem from competitor orientation. It was observed that competitor orientation positively influences a hotel's financial performance through the meaningfulness of marketing programs, but not through their novelty. This means that a deep understanding of competitors' capabilities and strategies results in appropriate marketing activities that, in turn, lead to a hotel's financial performance. However, there is no such indirect effect of the novelty of marketing programs. Thus, it can be assumed that hotels use their understanding of competitors to imitate successful initiatives without differentiating themselves. This phenomenon is known in the organizational management field as benchmarking practices (Nassar, 2012), and involves monitoring competitors to adopt their successful actions and solutions. These marketing activities are not novel for customers, but are still meaningful for them.

This work's third contribution concerns the relationship between cross-functional integration and financial performance through creative marketing programs. It was shown that marketing meaningfulness positively mediates this relationship, whereas marketing novelty does not. This means that hotels that promote interdepartmental cooperation — such as by establishing contact among managers from various units, facilitating the sharing experiences between departments, and cooperating to solve problems — are able to develop appropriate marketing programs for customers. These meaningful actions then result in good financial performance. However, this is not the case for novelty, since it is not influenced by cross-functional integration. This difference may be due to interdepartmental employees focusing on exchanging hotel marketing practices that they have observed in the industry, rather than on creating something new. Another probable reason could be risk avoidance.

Fourth, this study highlights the importance of the three market orientation dimensions in influencing a hotel's financial performance through creative marketing programs. We found that customer orientation influences a hotel's financial performance through marketing creativity more strongly than competitor orientation or cross-functional integration. In light of the previous discussion, this is not surprising, because the two creativity mediators transform customer orientation into performance. This study provides the first empirical proof of these relationships and opens up a discussion about the role of market orientation dimensions in organizational success. For the hotel industry, the three market orientation dimensions are not equally important, and understanding customers is the key to success.

### 5.3. Managerial implications

The most important managerial implication to emerge from this study is the need to focus on the customer much more than on the two other aspects of market orientation. It is recommended that hotel managers know and understand their customers, their needs and expectations, which can be obtained by close contact with customers and continuous monitoring of their service satisfaction. Customer



orientation should lead to creating marketing programs that customers recognize as innovative or even revolutionary but at the same time, appropriate and useful (e.g., personalized services with tailored benefits). These meaningful and novel marketing activities should yield good financial results. At the same time, hotel managers should not overlook competitor orientation because it is likely to produce meaningful marketing that enhances financial performance. Benchmarking practices are one example of applying competitor knowledge, however this implies an imitation strategy rather than inspiring novel marketing. Next, hotel managers should care for cross-functional integration in their organization because it helps create meaningful marketing activities. Therefore, we recommend encouraging employees to cooperate, communicate and share information with colleagues from other departments. This integration will allow everyone in the organization to contribute to customer value.

#### 5.4. Limitations and future studies

This study has some limitations. First, it is based on a cross-sectional data set, which limits the scope of examination of causal relationships. Nevertheless, the relationships included in the model are based on grounded theory and are substantially supported. To address this limitation, researchers should design a longitudinal study focused on monitoring specific marketing programs undertaken by hotels. In such a case, a hotel's market orientation would be an antecedent of the creativity of a specific marketing program, which would yield specific results. Second, this work provides results from one industry in one country, and the multi-mediator model has not been cross-validated via another sample; hence, generalizations from our outcomes to a specific hotel in a certain country should be made with caution. Future research could test this study's model in the hotel industry, as well as in other industries and in different countries.

Third, two dimensions of creativity were used to explain the relationship between market orientation and a hotel's financial performance; however, other mediation variables may exist. For example, marketing programs may be described by type of activity (e.g., product, price, promotion, distribution, or customer service). Thus, the model could use mediators other than creative marketing programs, such as market knowledge competence, which may be regarded as a consequence of market orientation. These new mediators could be introduced to our model as additional ones, thus extending the model. However, these mediators could also replace ours.

Furthermore, our model could be extended by adding potential moderators. Organizational climate seems to be an important potential moderator of the effects studied. An organizational climate can support creativity and innovation by, for example, involving people in the company's activities, ensuring independence in their behavior, and establishing tolerance of uncertainty and ambiguity in the workplace (Isaksen & Ekvall, 2010). A meta-analysis that examined the relationships between dimensions of organizational climate and measures of creative performance showed that these dimensions affect creative performance (Hunter, Bedell, & Mumford, 2007). Therefore, the organizational climate and its dimensions are probable moderators of the mediation effects studied.

Future research may also focus on market orientation dimensions from the perspective of organizational performance. In this respect, our results clearly emphasize customer orientation; therefore, other researchers may find it interesting to explore this issue for other types of goods/services and industries.

**Appendix A.** Means, Standard Deviations, Skewness, and Kurtosis

	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
CU1	6.41	0.906	-1.606	0.164	2.219	0.327
CU2	6.02	1.186	-1.125	0.164	0.544	0.327
CU3	6.48	0.831	-1.578	0.164	1.906	0.327
CU4	6.12	1.008	-1.063	0.164	0.610	0.327
CU5	5.54	1.444	-0.780	0.164	-0.064	0.327
CO1	5.13	1.552	-0.624	0.164	-0.373	0.327
CO2	5.05	1.433	-0.298	0.164	-0.776	0.327
CO3	5.03	1.534	-0.609	0.164	-0.224	0.327
CO4	5.65	1.252	-1.048	0.164	1.011	0.327
IN1	5.52	1.372	-0.817	0.164	0.217	0.327
IN2	6.19	1.021	-1.479	0.164	2.412	0.327
IN3	6.29	0.942	-1.380	0.164	1.890	0.327
IN4	6.25	0.978	-1.313	0.164	1.461	0.327
ME1	5.61	1.079	-0.679	0.164	0.480	0.327
ME2	5.68	1.034	-0.743	0.164	0.854	0.327
ME3	5.58	0.956	-0.469	0.164	0.563	0.327
ME4	5.95	0.973	-0.893	0.164	1.060	0.327
NO1	4.29	1.363	-0.105	0.164	-0.501	0.327
NO2	3.69	1.501	0.107	0.164	-0.409	0.327
NO3	4.19	1.559	-0.118	0.164	-0.732	0.327
NO4	4.11	1.530	0.015	0.164	-0.562	0.327
PER1	5.02	1.127	-0.336	0.164	0.564	0.327
PER2	5.19	1.160	-0.442	0.164	0.497	0.327
PER3	4.94	1.122	-0.394	0.164	0.608	0.327
ROOMS	2.68	0.898	0.955	0.164	-0.063	0.327
CATEGORY	2.18	0.482	0.449	0.164	0.416	0.327

**Appendix B.** Covariance Matrix

	CU1	CU2	CU3	CU4	CU5	CO1	CO2
CU1	.82						
CU2	.56	1.40					
CU3	.30	.57	.69				
CU4	.45	.74	.39	1.01			
CU5	.47	1.23	.56	.87	2.08		
CO1	.29	.60	.30	.73	.88	2.40	
CO2	.47	.82	.35	.69	.93	1.33	2.04
CO3	.29	.85	.47	.77	1.00	1.42	1.39
CO4	.41	.70	.35	.53	.63	.86	1.17
IN1	.43	.65	.28	.57	.71	.74	.71
IN3	.29	.54	.22	.42	.69	.55	.47



IN4	.32	.46	.27	.37	.44	.46	.50
IN5	.27	.41	.27	.32	.46	.35	.38
ME1	.40	.64	.37	.51	.77	.60	.71
ME2	.41	.64	.32	.52	.76	.61	.70
ME3	.30	.54	.33	.40	.64	.43	.52
ME4	.31	.54	.32	.44	.68	.45	.47
NO1	.31	.76	.35	.52	.90	.62	.61
NO2	.33	.86	.46	.59	1.15	.55	.78
NO3	.40	.88	.47	.68	1.22	.78	.83
NO4	.34	.93	.45	.67	1.15	.71	.91
PER1	.27	.65	.31	.43	.81	.46	.61
PER2	.30	.54	.28	.40	.67	.36	.49
PER3	.28	.62	.31	.41	.72	.43	.56
ROOM	.07	.17	.07	.08	.38	.05	.14
CATEG	.04	.09	.05	.06	.12	.09	.04
CO3	CO3	CO4	IN1	IN3	IN4	IN5	ME1
CO3	2.34						
CO4	1.16	1.56					
IN1	.71	.50	1.88				
IN3	.52	.40	.59	1.04			
IN4	.50	.43	.49	.56	.88		
IN5	.32	.32	.56	.65	.61	.95	
ME1	.64	.61	.58	.49	.47	.46	1.16
ME2	.70	.64	.52	.45	.39	.30	.90
ME3	.53	.48	.52	.42	.31	.35	.76
ME4	.66	.43	.47	.43	.35	.37	.63
NO1	.64	.49	.54	.56	.40	.38	.69
NO2	.82	.50	.69	.47	.33	.36	.72
NO3	.93	.59	.63	.54	.43	.37	.93
NO4	.87	.58	.74	.50	.34	.37	.73
PER1	.52	.34	.52	.31	.24	.28	.48
PER2	.38	.28	.60	.29	.20	.24	.39
PER3	.56	.36	.47	.31	.25	.26	.42
ROOM	.03	.04	.00	.00	.07	.04	.17
CATEG	.03	.02	.06	.09	.07	.06	.04
ME2	ME2	ME3	ME4	NO1	NO2	NO2	NO4
ME2	1.07						
ME3	.74	.91					
ME4	.69	.64	.94				
NO1	.60	.69	.56	1.85			
NO2	.66	.73	.64	1.65	2.24		
NO3	.78	.72	.69	1.59	1.93	2.42	
NO4	.68	.72	.62	1.60	1.87	1.79	2.33
PER1	.44	.41	.41	.61	.77	.72	.73
PER2	.42	.36	.39	.50	.66	.59	.58
PER3	.41	.41	.39	.55	.67	.63	.61
ROOM	.05	.03	.02	.21	.32	.36	.25
CATEG	.04	.04	.05	.14	.16	.15	.16
PER1	PER1	PER2	PER3	ROOM	CATEG		
PER1	1.26						
PER2	1.04	1.34					
PER3	1.11	1.03	1.25				
ROOM	.32	.30	.31	.87			
CATEG	.10	.05	.05	.14	.23		

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