National customer orientation: a framework, propositions and agenda for future research

Ofer Mintz
Marketing Discipline Group, Faculty of Business, University of Technology Sydney, Sydney, Australia
Imran S. Currim
Merage School of Business, University of California, Irvine, California, USA, and
Rohit Deshpandé
Marketing Unit, Harvard Business School, Boston, Massachusetts, USA

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Abstract

Purpose – This paper aims to propose a new country-level construct, national customer orientation, to provide a benchmark for global headquartered managers' decisions and scholars investigating cross-national research.

Design/methodology/approach – A conceptual framework and unique propositions are developed that focus on how one macro-economic driver, e.g. the wealth of a country, and one macro-marketing driver, e.g. customer price sensitivity, affect national customer orientation during and after global economic downturns such as recessions and a pandemic.

Findings – An agenda setting section proposes distinct theoretical, empirical and managerial themes for future research aimed at testing the propositions at the country and organization levels over time.

Research limitations/implications – Although the new construct offers substantial benefits for scholars and managers, current measures of national customer orientation are limited to data provided by the World Economic Forum or expensive primary survey-based research that restrict the number of countries, respondents and time periods.

Practical implications – The new national-level customer orientation construct and propositions about its drivers over time promise to provide global managers a country-level customer-based benchmark so that they can better understand, set expectations and manage customer orientation across different countries over time.

Originality/value – Research on market and customer orientation is consistently designated a priority by academics and practitioners. However, most previous studies exclusively focus at the micro organizational-level, with less known on how customer orientation varies at the macro country-level and over time.

Keywords International marketing, Global financial crisis, Customer centricity, Customer/market orientation, Macro-marketing, Global expansions/recessions

Paper type Research paper

Introduction

When determining firms' global marketing, international segmentation and international market entry strategies, senior executives typically examine macro-economic country-level benchmarks such as gross domestic product (GDP), purchasing power parity, inflation, population trends and competitive intensity (Budeva and Mullen, 2014). However, with the increasing corporate focus on customer-centricity (Fader, 2020), an increasing reliance on the

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revenues and profits from foreign markets (Morgeson *et al.*, 2015) and customer behavior that has significantly changed in the aftermath of the COVID-19 pandemic (Deshpandé *et al.*, 2020), firms today, more than ever before, are in need of understanding macro-marketing or customer-based benchmarks. Hence, we propose a new macro-marketing benchmark, national customer orientation, which provides country-level differences on the average customer orientation across firms operating in a country.

The positive consequences of an individual firm's market/customer orientation on its performance has been a focus of much research in marketing (Kirca *et al.*, 2005; Pekovic and Rolland, 2016). In fact, previous literature on the consequences of market/customer orientation is perhaps one of the most cited literatures in the marketing discipline (e.g. see Palmatier *et al.*, 2019 for a review). Yet, as shown in Table 1, this literature has almost exclusively investigated customer orientation at the micro organizational-level in a single country so or in a very limited number of countries, with few to no studies at the macro country-level. Thus, to our knowledge, little to no research has:

- developed or used a macro-level construct of customer orientation that focuses on the country and not the firm as the level of analysis; and
- investigated what drives differences in such a macro-level construct of customer orientation across countries and over time.

The absence of current benchmarks on the average level of customer orientation in a country and how such customer orientation varies over time has resulted in difficulties for firms deciding on which, when, and how to enter markets (Marchi *et al.*, 2014), particularly on the extent their global marketing strategies need to be adapted or standardized for their local markets (Venaik and Midgley, 2019). Further, the lack of benchmarks has led to challenges for how firms should approach their global market segmentation based on their required responsiveness to customer needs (Budeva and Mullen, 2014) or national differences in market sizes, geographical distances and economic blocks (Chung, 2010). Consequently, it is no surprise that top executives of many global firms, who seek to be customer-centric, report that urging their foreign offices to adopt such a focus often encounters substantial resistance from local managers (McKinsey and Company, 2017). And, it is not surprising that almost-half (46%) of CMOs in a 2019 global survey indicated that they struggled with keeping up with their consumers' expectations or implementing such customer-centric efforts around the world (Isobar, 2019).

Thus, firms seeking to grow profitably in existing and new markets are in need of a macro-marketing or customer-based benchmark to better understand the extent of customer orientation across countries to complement their own micro-organizational level of customer orientation. Macro-economic or country-level benchmarks, such as GDP, inflation, purchasing power parity and competitive intensity are the outcomes of interactions between organizations and markets served and market needs and behaviors (Zaheer and Zaheer, 1997). These outcomes allow managers, public policymakers and researchers to examine trends in a country that are relevant to their decisions (Bernanke *et al.*, 2019). Hence, it is no surprise that in the international business (IB) literature, many variables such as culture and entrepreneurship include both micro organization-level and macro country-level or national constructs. For example, Geert Hofstede's seminal contribution in his book *Culture's Consequences* was to establish the need for examining culture at a macro national-level (Hofstede, 1980). Prior to Hofstede's research, culture was theoretically postulated and measured at a micro organizational-level (Deshpandé *et al.*, 2000). Our motivation for introducing national customer orientation is conceptually similar: we propose a macro

Table 1. Selected literature on cross-country customer and market orientation

Author(s)	Considered M-I driver of M-PS?	Considered M-PS driver of M-Cust/Mkt Or?	Considered M-I driver of M-Cust/Mkt Or?	Considered mediation or moderation of M-I & M-PS on M-Cust/Mkt Or?	Unit of analysis	Study type	No. of countries in analysis	Summary
Anderson and Markides (2007)	Yes	No	No	No	National	Cross-sectional interviews	?	When creating new products for consumers in low-income countries, suggest the biggest hurdle is ensuring that products or services are affordable.
Cano *et al.* (2004)	No	No	No	No	Firm	Aggregated 53 studies	23	Meta-analysis of effect of market orientation on performance
D'Andrea *et al.* (2006)	Yes	No	No	No	National	Cross-sectional focus groups	4 (208 participants)	Consumers in developing countries have economic- and price-related constraints, but are willing to pay for intermediate and leading brands.
Deshpandé *et al.* (2000)	No	No	No	No	Firm	Cross-sectional surveys	5	Investigate whether the relationship between market orientation and firm performance differs by country
Ellis (2006)	No	No	No	No	Firm	Aggregated 56 studies	28	Meta-analysis finds relationship between market orientation and performance is stronger in mature over developing economies.
Ernst *et al.* (2015)	Yes	No	No	No	Firm	Cross-sectional survey	103 new products designed for low-income countries	Customers in low-income countries are price sensitive but still expect value from their products.
Grinstein (2008)	No	No	No	No	Firm	Aggregated 56 studies	?	Meta-analysis finds market orientation components (customer orientation, competitor orientation, inter-functional coordination) affect innovation greater in countries characterized by high individualism and high power distance national cultures.
	No	No	No	No	Firm		2	

(continued)

Table 1.

Author(s)	Considered M-I driver of M-PS?	Considered M-PS driver of M-Cust/Mkt Or?	Considered M-I driver of M-Cust/Mkt Or?	Considered mediation or moderation of M-I & M-PS on M-Cust/Mkt Or?	Unit of analysis	Study type	No. of countries in analysis	Summary
Kaynak *et al.* (2016)						Cross-sectional survey		Customer orientation was found to significantly affect adaptive salesperson behavior in Finland but not in Macau.
Kirca *et al.* (2005)	No	No	No	No	Firm	Aggregated 114 studies	25	Meta-analysis finds the market orientation–performance relationship is stronger in low power-distance and uncertainty-avoidance cultures.
Kirca *et al.* (2011)	No	No	Control for GNP per capita, no effect found	No	Firm	Firm	45 (142 responses from 79 subsidiaries of 3 firms)	Finds market orientation of subsidiaries is positively related to the legal institutions, local competition in the host country market and the market orientation of headquarters
Kirca and Hult (2009)	No	No	No	No	Firm	Theoretical	Theoretical	Provides propositions for how Schwartz's cultural value dimensions moderate the relationship between market orientation and various intra-organizational variables
Maity and Singh (2021)	No	No	No	No	Firm	Cross-sectional survey	5	Links the importance of customer orientation topics for firms competing and targeting low-income customers in emerging markets
Mintz *et al.* (2021)	No	No	No	No	Firm	Cross-sectional survey	16	Investigates how market orientation influences the number of metrics used by managers making marketing-mix decisions
Nakata and Sivakumar (2001)	No	No	No	No	Firm	Theoretical	Theoretical	Proposes a theoretical model for how global firms can create market oriented subsidiaries contingent on national culture
Nakata and Weidner (2012)	Yes	No	No	No	National	Theoretical	Theoretical	Consumers in low-income countries desire and are able to pay for quality products tailored to their needs.

(*continued*)

Table 1.

Author(s)	Considered M-I driver of M-PS?	Considered M-PS driver of M-Cust/Mkt Or?	Considered M-I driver of M-Cust/Mkt Or?	Considered mediation or moderation of M-I & M-PS on M-Cust/Mkt Or?	Unit of analysis	Study type	No. of countries in analysis	Summary
Ozkaya *et al.* (2015)	No	No	No	No	Firm	Cross-sectional survey	2	Cross-country comparison shows that, in the USA, as compared to Chinese firms, customer (or competitor) orientation leads to both higher customer (or competitor) knowledge competence and enhanced market-based innovation.
Theoharakis and Hooley (2008)	No	No	No	No	Firm	Cross-sectional survey	3	Compares how the relationship between customer orientation and performance varies between New and Old Europe
Viswanathan *et al.* (2009)	No	No	Yes	No	Firm	Qualitative study	1	Describes the importance for firms to engage in sustainable customer orientation when competing in bottom of the pyramid marketplaces
Zhou *et al.* (2007)	No	No	No	No	Firm	Cross-sectional survey	56 (from 184 hotels)	Examines how the effects of customer and competitor orientations on performance are moderated by different environmental institutions
This study	*Yes*	*Yes*	*Yes*	*Yes*	*National*	*Theoretical (if use WEF data can be longitudinal, annually from 2007 to 2017)*	*Theoretical (if use WEF data can be 112)*	*Examines how wealth of a country impacts national customer orientation, whether national customer price sensitivity mediates this relationship, and how a global economic shock moderates the relationships*

Notes: M-I = Macro-Income, M-PS = Macro-Price Sensitivity, M-Cust/Mkt Or = Macro-Customer/Market Orientation; We summarize studies investigating how country characteristics moderate the link between market orientation and performance with the meta-analysis described above, so the large list of individual studies testing this relationship between one or a small subset of countries are not shown country-level version to complement what has been heretofore a micro organizational-level construct.

The proposal of a macro country-level customer orientation construct and benchmark should also complement the micro organizational-level customer orientation construct. Managers and scholars can use both constructs to gain a better understanding of variance in customer orientation, and drivers of such variance within and across countries. Further, the macro country-level construct can help addresses a repeated criticism that international marketing and IB research needs to account for multiple levels of abstraction, i.e. at both the micro organizational- and macro-country level (Kirkman *et al.*, 2006; Tung and Stahl, 2018) and the false dichotomy in these literatures that Farley and Lehmann (1994, p. 112) describe as "everything is different" versus "everything is the same" across and within countries (Mintz *et al.*, 2021).

Therefore, to provide a conceptual and managerial advancement for the marketing and IB literatures at the macro country-level, we first propose and develop the national customer orientation construct. National customer orientation is defined as the average customer orientation across firms operating in a country. This macro country-level measure of customer orientation builds on the micro firm-level market/customer orientation literature (Deshpandé, 1999; Gray and Hooley, 2002; Moorman and Day, 2016) and the current state of theory and managerial practice with respect to macro-economic and macro-marketing drivers of cross-national differences in customer orientation.

Second, we develop a conceptual framework with corresponding general propositions on antecedents (drivers) of national customer orientation, including mediators and moderators expected to influence customer orientation across countries and time. Our model focuses on three major macro country-level variables and six general propositions, derived from the economic theory of production (Wolman, 1921), the marketing theory of buyer segmentation (Smith, 1956) and the economic theory of shocks and business cycles (Schumpeter, 1939). The first proposition builds on the macro-economic literature to suggest that customer orientation is a luxury of rich nations, with the wealth of a country proxied, for example, by the country's GDP per capita. The second set of propositions build on the macro-marketing literature to suggest that price sensitivity, traditionally proxied by the extent to which buyers in a country make decisions across products and services based on price versus non-price performance attributes, mediates the relationship underlying the first proposition. The third set of propositions build on the macro-environmental literature to suggest that the effects of the wealth of a nation and its price sensitivity on customer orientation are expected to be moderated by or dependent on global economic shocks, i.e. proxied, for example, by the Global Financial Crisis (GFC) of 2007–2009 and the COVID-19 pandemic of 2020–2021.

Third, we propose an agenda for future research on national customer orientation that outlines distinct theoretical, empirical and managerial opportunities for future researchers to follow. Our agenda sets a managerial goal for researchers to assist executives in global organizations seeking to expand in new countries at certain points in time to:

- form better expectations of the baseline-level of customer orientation in the new country and time period;
- better understand why the level of customer orientation in the new country and time period is likely to be higher or lower in comparison to other countries and time periods; and
- use such expectations and understanding in new and more effective ways.

Further, by developing propositions about the expected effects of major time-varying macro-economic (i.e. GDP per capita) and macro-marketing (i.e. price sensitivity) country-level variables, respectively, on national customer orientation, we address an identified but not rectified limitation of a lack of research focusing on cross-national antecedents of customer orientation (Gray and Hooley, 2002). Finally, we identify several empirical questions that need to be addressed and describe potential data sources researchers can use to test such empirical questions while also noting current limitations with such data.

Current state of knowledge

Overview

The marketing field typically focuses on the antecedents and consequences related to micro individual-level customer and firm actions, which use the customer or the firm as the unit of analysis. For example, most of the customer behavior and customer choice modeling research examines what affects customer preferences, choices and actions (Choudhary *et al.*, 2017), whereas much of the marketing strategy and analytics research examines what affects firms' marketing decisions and performance (Mintz and Currim, 2015). Further, much of this marketing research also includes an analysis of how meso industry-level drivers further impact customer or firm actions (Kirca *et al.*, 2011). In addition, some customer- and firm-related studies have used national culture or national resources using data on individuals, and not on firms, to examine how cross-national factors may influence customer or firm related behaviors and outcomes (Theoharakis and Hooley, 2008).

Yet, to our knowledge, little to no research has employed the country as a unit of analysis, i.e. used macro-economic or macro-marketing drivers at the country-level, to explain what affects the variance in firms' customer orientation efforts across a large number of countries over time. In contrast, the focus in cross-national studies has been on employing the customer or firm as the unit of analysis to explain the variance between the (individual) customer's or firm's behaviors. For example, the international marketing literature often focuses on global market entry and segmentation tactics, which includes analysis of market sizes, geographical distances, political environment, language and religious similarities (Marchi *et al.*, 2014), and a variety of macro-economic variables, such as the average wealth of the population (Ernst *et al.*, 2015), and a macro-marketing variable, such as the average customer's price sensitivity (Kübler *et al.*, 2018).

What is missing from current analyses are macro country-level marketing benchmarks that explain the marketing and customer-focused efforts firms are employing across countries. Benchmarks that provide such a country-level overview do not appear to exist to help guide firms making international marketing decisions. Hence, we focus on providing one major customer-focused marketing benchmark, customer orientation, at the national or country level, primarily because previous research on customer orientation at the micro organizational-level has found support for a positive relationship between customer orientation and firm performance across a number of different settings (Grinstein, 2008; Pekovic and Rolland, 2016).

Organizational-level studies on cross-national customer orientation

Previous research on cross-national customer orientation, as summarized in Table 1, primarily focuses on how an individual firm's level of customer orientation impacts firm performance outcomes and what impacts this customer orientation to performance outcome relationship (Ozkaya *et al.*, 2015; Theoharakis and Hooley, 2008). However, this research has not focused its investigations on identifying cross-national antecedents of customer orientation, which has led to a lack of knowledge on cross-national antecedents of customer orientation (Gray and Hooley, 2002). Further, the majority of the cross-national micro organizational-level research has examined customer orientation in a small subset of countries (Kaynak *et al.*, 2016; Ozkaya *et al.*, 2015) or in a larger set of countries but focused on a single firm or its subsidiaries (Kirca *et al.*, 2011; Zhou *et al.*, 2007). This has focused the literature's ability to generate quite useful micro firm-level insights but limited its macro country-level insights.

In addition, despite micro organizational-level customer orientation research examining how customer orientation has evolved over time for firms in a single country (Jaramillo and Grisaffe, 2009; Kumar *et al.*, 2011), cross-national customer orientation research has primarily been forced to employ cross-sectional one-time surveys. The associated costs and difficulties to obtain random samples with cross-sectional surveys has limited the number of countries, the number of firms or respondents per country and the ability to examine the impact of macro time-varying country-level characteristics on customer orientation. Consequently, it remains unclear about whether and how macro country-level characteristics affect customer orientation across countries and over time. This has created a theoretical gap of knowledge for scholars in marketing, IB and management.

How national-level studies address limitations of organizational-level studies?

We propose national customer orientation as a macro national-level benchmark, based on the average level of customer orientation across firms operating in a country, similar to how other macro-economic benchmarks are readily computed and used as indicators on a country's economy. Macro-economic constructs, such as the level of inflation and unemployment, allow researchers, managers and policymakers to observe general trends in a country and permit an investigation of whether and how these different trends impact the average person and firm in a country (Bernanke *et al.*, 2019). Similarly, a national customer orientation establishes a benchmark that managers can use to observe the average level of customer centricity by firms in a country in addition to permitting researchers to investigate what drives differences in national customer orientation across countries and over time.

Of course, a limitation in any macro country-level construct is that it potentially overlooks the differences in subgroups within a country, which is commonly referred to as "heterogeneity in effects" in the psychological (Kievit *et al.*, 2013) and marketing (Andrews *et al.*, 2002) literatures. For example, the vast majority of macro country-level variables, such as inflation and unemployment, vary over regions, industries and product categories but still provide firms and policy makers important insights at a national level (Bernanke *et al.*, 2019). Similarly, national customer orientation aggregates different firms operating in the country, such as whether they are big or small, target B2B, B2C or mixed B2B and B2C customers, the industries they compete in, levels of success, and various other financial and marketing characteristics. Empirically, such heterogeneity in macro country-level studies can be addressed by using either a priori segmentation of countries based on theory, a posteriori inference of segments of countries based on latent class regression models or including a number of micro organizational-level or meso industry-level variables to control for such effects (Andrews and Currim, 2003). Hence, we briefly note here and provide more details in the agenda setting section about the importance for future research to account for such micro organizational-level and meso industry-level heterogeneity in macro country-level empirical studies.

Defining and developing the national customer orientation construct

The theoretical development of the national customer orientation construct builds on the aforementioned macro-economics literature, the micro firm-level market/customer orientation based literature and current managerial practices. For example, in the micro firm-level marketing customer orientation based literature, Narver and Slater (1990, p. 21) state: “Customer orientation is the sufficient understanding of one’s target buyers to be able to create superior value for them continuously.” Ruekert (1992) discusses how key aspects of market orientation concerns a customer focused strategy that emphasizes the development and execution of business unit strategy driven by the market (as opposed to driven by product considerations or executive preferences). Jaworski and Kohli (1993, p. 54) state that it is important for market orientation to consider both “activities-response design (i.e. using market intelligence to develop plans) and response implementation (i.e. executing such plans).” Deshpandé (1999) summarizes that strategic, not tactical issues, such as customer-centricity, and the firms’ ability to effectively execute marketing campaigns are the major consistent strategic objectives for firms. In addition, Deshpandé (1999, p. 166) suggests: “Many of the most interesting marketing problems are global, not local.” Gray and Hooley (2002, p. 981) state: “Much of the research into market orientation has been concerned with examining the marketing concept (a corporate culture or philosophy) and implementing the marketing concept or measuring marketing strategy behaviours.” Further, Moorman and Day (2016) summarize the literature on customer orientation by suggesting firms are more likely to achieve and sustain a long-term competitive advantage when they create value by employing customer-centric strategies.

Thus, traditionally, the rich literature on market/customer orientation distills the definition of customer orientation into two main dimensions: the extent to which an individual firm:

1. understands, considers and treats its customers well; and
2. is successful in its marketing efforts aimed at delivering value to such customers.

We build on this literature to define national customer orientation as the average level of customer orientation across firms operating in a country based on firms’ understanding, consideration, and treatment of customers, and their success at delivering value to customers.

Managerially, the two dimensions of customer orientation also align with current practices and beliefs. For example, senior executives residing in 21 countries indicated in a 2015 Economist Intelligence Unit survey that an increase in customer retention and sales by treating their customers well was: “By far the most important benefit of investment in customer experience” (The Economist Intelligence Unit, 2015, p. 5). Consequently, the World Economic Forum (WEF) incorporates measures of national customer orientation in its Global Competitiveness Report (GCR) based on firms’ (operating in a country) “degree of customer orientation” or focus on their customers’ well-being and their “extent of marketing” or success in their marketing to such customers (World Economic Forum, 2017).

Why do we propose aggregation of previous definitions and measures of micro organizational-level customer orientation up to the macro national-level? Given that aggregation from the organizational to the national-level always involves loss of information on the variance across organizations operating in a country, what is to be potentially gained from aggregation? There are two potential main benefits. First, a macro national-level customer orientation measure offers an opportunity to understand the variance in customer orientation across countries, which has been largely missing heretofore. We take a first step in this direction by proposing a conceptual framework of drivers, mediators and moderators of national customer orientation. Second, a macro national-level customer orientation measure offers an opportunity to understand how customer orientation may vary within an organization that is operating in multiple countries based on the average customer orientation in the country or nations in which it operates, which has also been largely missing heretofore. Next, we propose a model of antecedents, mediators and moderators of national customer orientation. Then, we provide an agenda for future research that expands on the benefits for researchers and practitioners of a macro national-level customer orientation measure.

Conceptual framework

Derived from central tenets of the macro-economic and macro-marketing literatures, we present our conceptual framework in Figure 1. Because this is the first work, to our knowledge, that seeks to understand the drivers of national customer orientation, we focus our framework on macro country-level drivers for the sake of parsimony. However, in the agenda section, we describe how researchers can include micro organizational-level or meso industry-level variables to enrich the analysis of drivers of macro country-level customer orientation.

The proposed framework includes three main drivers of national customer orientation (two country-level and one global-level) and six theory-based propositions, which we detail in the next sub-section. The development for each driver and proposition follows two steps. First, we provide a theoretical base of prior work to demonstrate the conceptual contribution of each proposition for scholars of the international marketing and IB literatures. Second, we demonstrate the practical contribution of each proposition for marketing practitioners, focusing on the practical realities and challenges associated with managing customer orientation across countries all over the world.

Our first focal proposed driver of national customer orientation is a macro-economic condition, the level of wealth in a country, which is derived from economic theory and the theory of production (Wolman, 1921). The wealth of a country, which is proxied by variables such as GDP per capita, GDP, national income and wages, employment, inflation, trade and balance of payments, provides an indicator of a country's average productivity, economic well-being and living standard and consumption (Samuelson and Nordhaus, 2009). This average wealth in a country is likely to affect the proportion of customers with higher consumption levels, extent of market heterogeneity, and ability for firms to establish segmentation based on customers' differing wants and needs (Zhou *et al.*, 2007). Thus, while less analyzed in the customer orientation literature, the relationship between the level of wealth in a country and national customer orientation is expected to influence the average firm's motivation to care about their customers' preferences, well-being and treat them well and make efforts to desirably differentiate their products and services from their competitors.

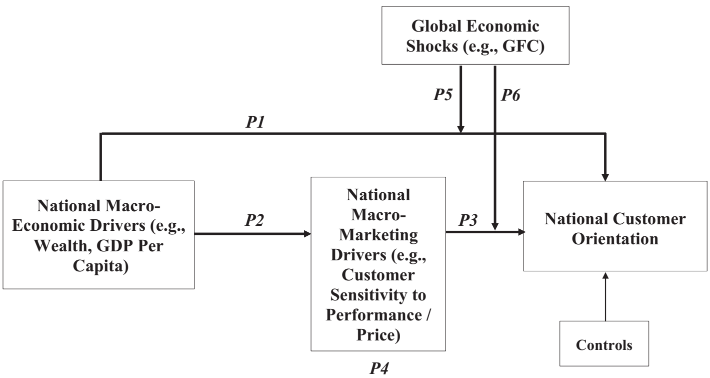

Figure 1. Conceptual framework for understanding national customer orientation

Second, based on the marketing theory of buyer segmentation and product differentiation (Smith, 1956), we expect a key macro-marketing variable, national customer price sensitivity, to help explain the relationship between the level of wealth (e.g. GDP per capita) in a country and its national customer orientation. The customer price sensitivity in a country is the extent to which customers, in aggregate or on average, make product and service decisions based on price relative to non-price performance attributes (World Economic Forum, 2017). Economic theory and the theory of production posit that the wealth of a country or average well-being and living standard of individuals in a country is likely to influence the average customer's price sensitivity: customers in less wealthy countries are on average, although not always, expected to be more price sensitive (D'Andrea *et al.*, 2006).

In addition, based on the theory of buyer segmentation and product differentiation, we expect a country's customer price sensitivity to be associated with its customer orientation. With higher customer price sensitivity, customers are expected to be less interested in firms' efforts to differentiate their offerings or be more customer oriented on non-price performance attributes (Li and Calantone, 1998), despite customers' preferences for overall value in such product offerings (Ernst *et al.*, 2015). As a result, the average firm in countries with higher customer price sensitivity is expected to be less interested in being customer oriented. Taking the causal sequence of the previous arguments together, we expect the effect of wealth of a country (GDP per capita) on national customer orientation to be at least partially mediated, or explained by, its effect on national customer price sensitivity.

Third, based on the rich literature on global economic shocks and business cycles in the macro-economic and marketing literatures (Schumpeter, 1939; Deleersnyder *et al.*, 2009), we expect the following to be moderated or affected by global economic crises, such as the GFC or the COVID-19 pandemic:

- the direct relationship between the wealth of a country (GDP per capita) and its customer orientation; and the
- indirect relationship between the wealth of a country (GDP per capita) and its customer orientation mediated through its overall customer price sensitivity.

When there is a global economic shock or crisis, economic theory suggests that the resulting uncertainty affects both firms' and customers' present and future consumption, spending and investment behavior (Brunner *et al.*, 1980). Hence, during a global economic crisis, we expect the wealth of a country (GDP per capita) and its customer price sensitivity to have a differential impact on its customer orientation than after the crisis is over.

Propositions

We now discuss our six unique general propositions of drivers, mediators and moderators of national customer orientation. We first describe the proposed main effects (P1–P3) and then detail the proposed mediating (P4) and moderating effects (P5 and P6).

Effects of a country's wealth and its average customer price sensitivity on national customer orientation

Relationship between a Country's wealth and its national customer orientation. Economic theory and the theory of production posit that the average customer in wealthier or more developed countries possesses a higher level of well-being and consumption, i.e. a greater income and resource availability (Dynan and Sheiner, 2018). This allows the average customer in wealthier countries to consider and purchase products that align more with their non-price performance-based preferences, with fewer income or affordability based restrictions to constrain their purchase decisions (Sheth, 2011). In addition, this ability to purchase products more aligned with their performance-based preferences allows customers in wealthier or more developed countries to choose from several options or alternatives and exhibit greater heterogeneity in their product or service preferences and how they make purchases (Zhou *et al.*, 2007). When such options exist and customers are not as constrained to purchase higher-priced options, customers are simply more likely to purchase goods and services from companies that are more customer-centric and match their wants and needs (Maity and Singh, 2021). Hence, managers of companies operating in wealthier countries should be more motivated to persuade their firms to be customer-centric so they can differentiate their products and services for heterogeneous customers who have larger product options (Day and Nedungadi, 1994).

In contrast, economic theory and the theory of production posits that the average customer in less wealthy or poorer countries has reduced purchasing power, less well-being, lower consumption levels, faces stricter budget and price constraints, purchases fewer products and makes more simplified purchase decisions driven by price-based restrictions (Bahadir *et al.*, 2015). While customers in poorer countries also demand value and products tailored to their preferences (Nakata and Weidner, 2012), firms face difficult challenges to ensure their product and service offerings are affordable for the mass market because of their customers' stricter income and price-based constraints (Anderson and Markides, 2007). As a result, tension exists for customers between preferring product and service offerings tailored to their wants and non-price performance-based preferences and the economic realities and price constraints such consumers face (D'Andrea *et al.*, 2006).

Hence, with lower priced products and services demanded by customers, managers of firms in poorer countries are expected to be less inclined to be customer-centric, treat such customers well, develop an understanding of their customers' performance-based preferences and less likely to conduct marketing programs aimed at differentiating their products and services from those offered by competitors. In addition, because of the difficulty in appealing to customers based on performance-based wants and needs, managers of firms operating in poorer countries are also expected to believe that the effectiveness of their marketing-mix efforts will be reduced (Deleersnyder *et al.*, 2009). Consequently, summarizing our previous arguments:

P1. Wealthier countries are expected to have higher national customer orientation.

Relationship between a country's wealth and its average customer price sensitivity. Economic theory and the theory of production also posit that customers in less wealthy or poorer countries (e.g. countries with lower GDP per capita) possess less disposable income and face greater budget or price-based constraints on the goods and services they purchase (Burgess and Steenkamp, 2006). Despite such constraints, customers in poorer countries expect value from their products and service offerings (D'Andrea *et al.*, 2006) and expect offerings be tailored to their preferences (Nakata and Weidner, 2012). However, because the average customer in poorer countries has greater financial constraints, their purchase decisions are still likely to be more price sensitive (Gao *et al.*, 2017). In contrast, economic theory and the theory of production posit that the average customer in wealthier countries (countries with greater GDP per capita) is less budget or price constrained and hence more likely to rely on non-price performance attributes when making purchase decisions (Kübler *et al.*, 2018). Consequently, we propose the following:

P2. Consumers in wealthier countries are expected, on average, to be less price sensitive.

Relationship between a country's average customer price sensitivity and its national customer orientation. The marketing theory of buyer segmentation and product differentiation posits that customers with greater disposable incomes often place a lower reliance on price for purchasing decisions, or have a lower price sensitivity, than customers with less disposable incomes (Viswanathan *et al.*, 2009). Thus, the average customer in richer countries is expected to place greater non-price or performance-based demands on their goods and services; demands that require goods and services to match customers' performance-based preferences (Li and Calantone, 1998). Consequently, lower price sensitivity in a country is expected to lead to greater customer demands of being treated well and opportunities for managers of firms to segment such customers based on performance-based attributes (Burgess and Steenkamp, 2006). These opportunities are likely to motivate managers of firms in countries with lower price sensitivity to be more reliant on using customer-centric strategies, i.e. by treating their customers well, understanding their customers and effectively marketing and differentiating their products and services to customers based on such an understanding.

In contrast, in countries where customers have greater price sensitivity, affordability and accessibility become more important for purchasing decisions than non-price performance attributes (Sheth, 2011). For example, customers in countries with greater price sensitivity must make greater trade-offs and sacrifices from their reference purchase prices to purchase higher priced products and services more tailored to their wants and needs, which customers are hesitant to do (Gao *et al.*, 2017). The resulting customer hesitancy to purchase products and services that demand a premium price relative to their reference price levels is expected to lower the motivation for managers of firms to increase their customer orientation. Therefore, we propose the following:

P3. Countries with lower average customer price sensitivity are expected to have higher national customer orientation.

Relationship between a country's wealth, its average customer price sensitivity and its national customer orientation. Taking the three previous hypotheses together, we expect that the relationship between the wealth of a country and its national customer orientation will be mediated by its customers' price sensitivity. This is expected because the underlying rationale for why customer orientation is likely to be a luxury of rich nations is based on the average buyer in wealthier nations being less price sensitive than the average buyer in poorer nations. And, when managers of firms face less price sensitive customers, they are expected to be more incentivized to be more customer-centric, treat customers well, understand their customers' performance-based preferences, satisfy such customers and conduct successful marketing efforts to differentiate their products and services from those offered by competitors. Thus, we propose the following:

P4. National average customer price sensitivity is expected to mediate the relationship between wealth of a country and its national customer orientation.

Moderating effects of a global economic shock

So far, our hypotheses and underlying rationale do not differentiate between global "good or stable times" and "bad or unstable times," i.e. a global recession or a global pandemic. Business cycle research across the business and economics literatures documents that global demand during economic downturns decreases or at least does not expand at the previous rate prior to the downturn (Currim *et al.*, 2016 for a review). On average, customers and managers expect a reduction of wealth during global downturns, which reduces customer spending (Fratzscher, 2012), decreases firm purchases from suppliers (Dornbusch *et al.*, 2000) and increases fears of insolvency for many firms (Deshpandé *et al.*, 2020). Further, information transmission about the global economic downturn and ties between financial, governmental and exporting and importing partners impacts customers and firms across the majority of countries (Kolb, 2011). Consequently, although customers residing in different countries are expected to vary in the extent to which an economic downturn affects them, global economic downturns are likely to affect both customers' and firms' practices (Estelami *et al.*, 2001). Thus, we consider whether a global economic downturn resulting from recessions or a pandemic can alter, or moderate, our previous hypotheses.

Normatively, national customer orientation should increase during economic downturns because the on-going turbulence makes it more important for firms to better understand and adjust to current and potential customers (Dekimpe and Deleersnyder, 2017). Further, some firms operating in a country, for example, brands predicated on high customer service (e.g. luxury brands), may not compromise the brand position despite a downturn and may increase (not decrease) marketing spend (Currim *et al.*, 2016). In addition, many firms' competitors are decreasing their marketing spend during economic downturns, resulting in decreasing marketing and media costs but increasing opportunities for customer-centric firms to gain a competitive advantage (Mintz, 2021).

Yet, an economic downturn lowers customers actual or perceived disposable income across the globe, which results in customers around the world to exhibit greater price-based restrictions and lesser demand for most products and services (Gordon *et al.*, 2013). Exceptions certainly exist for when customer demand actually increases (not decreases) during an economic downturn, such as for alcoholic beverages consumed at home or for cleaning supplies during a pandemic. However, lower demand caused by economic downturns often forces firms to worry about their immediate survival over attempting to establish a competitive advantage (Currim *et al.*, 2016) and makes firms become risk averse, cut marketing expenditures and reduces their dedication to better understanding customers (Dekimpe and Deleersnyder, 2017).

Heterogeneity exists on how firms across and within countries implement cutbacks in customer orientation. For example, some firms may cut advertising spending, some firms may reduce their front-line staff or customer service efforts and some firms may hesitate to release new products or conduct market research to better understand current customer trends (Mintz, 2021). However, overall, economic downturns force the majority of firms across the globe to cut their marketing spending, with such a reduction often being one of their first major budget cuts (Srinivasan *et al.*, 2011). Thus, we propose the following:

P5. The association between the wealth of a nation and its national customer orientation is expected to be weakened during a global downturn.

Business cycle research has also identified that economic downturns force the majority of customers' price elasticities for goods and services to become stronger (van Heerde *et al.*, 2013), with many consumers and firms also switching to lower price products (Lamey *et al.*, 2007). The reason is straightforward: customers around the world possess or perceive to possess less disposable income during global economic downturns so they become more price sensitive on what they can purchase (Burgess and Steenkamp, 2006). As a result, price and value have been identified as the key drivers for customer purchases during economic downturns (Pauwels *et al.*, 2013), which also effects firms' nature of learning from customers to be focused on price or value-based attributes relative to non-price performance-based attributes (Grewal and Tansuhaj, 2001).

Normatively, recessions can change what is to be learned from customers during crises periods, i.e. learning priorities should shift to understanding customers' new values, and how to create corresponding new additional value offerings to target such customers (Currim *et al.*, 2016). By extension, B2C firms may modify offerings to increase value delivered as a result of that learning and shift their attribute weightings to meet consumers shifting needs (e.g. regarding price, utility and value), whereas B2B firms need to demonstrate value by using easy-to-understand financial justifications, adjusting payment terms and creating product versioning catered to lower price points (Mintz, 2021). Hence, firms across the world should attempt to capitalize on such uncertainty by maintaining, if not further building their ties with their customers to better understand the underlying preferences for product value. However, the overall financial ramifications of global economic downturns is expected to reduce the extent to which firms match their customers' non-price performance-based preferences (Frösén and Tikkanen, 2016) and market and differentiate their products or services on variables other than price (Deleersnyder *et al.*, 2009). Thus, we propose the following:

P6: The association between the national average customer price sensitivity and national customer orientation is expected to be weakened during the period of a global downturn.

Control variables

In addition to our main proposed drivers of national customer orientation, we also identify a number of readily available monetary, fiscal, structural, technological, educational and demographic variables derived from the macroeconomics literature (Bernanke *et al.*, 2019) that researchers can employ as controls, as further drivers or as interactions with our focal drivers. Among others, these control variables include: GDP percent change from the year before, population percentage > 65 years of age, competitive intensity, unemployment, inflation, quality of management schools, population, population percent change from year before, mobile phone subscribers, percent of population with broadband access, consumption as a percentage of GDP, corruption, protectionism and time required to start a business (to account for level of bureaucracy). The six propositions developed above can be empirically tested in the absence and presence of these variables to test whether monetary, fiscal, structural, technological, educational and demographic reasons other than our three focal variables account for why customer orientation might vary across countries.

Summary

Our six propositions outlined above collectively suggest three targeted topics for research. The first topic is the level of a country's customer orientation is expected to be associated with its national wealth (*P1*) and its customers' average price sensitivity (*P3*), i.e. two main effects of:

(1) national wealth; and

(2) national customer price sensitivity on national customer orientation.

The second topic is a country's average customer price sensitivity is expected to mediate the relationship between its national wealth and its customer orientation (*P4*) because customers in wealthier countries are expected on average to be less price sensitive (*P2*), i.e. a mediation effect of national customers' price sensitivity on the relationship between the wealth of a nation and its national customer orientation (*P1*). The third topic is related to the effect of economic downturns, such as recessions and pandemics, which are expected to moderate the relationships between national wealth and national customer orientation (*P5*) and national customer price sensitivity and national customer orientation (*P6*), i.e. two moderating effects of downturns on the relationships between national wealth and national customer orientation (*P1*) and between national customer price sensitivity and national customer orientation (*P3*). In the next section, we propose an agenda aimed at both testing these topics and inspiring future research on national customer orientation.

Agenda for future research

This agenda for future research section is organized based on three sub-sections: a theoretical agenda with targeted topics and lists of key questions for research; an empirical agenda to test the theoretical topics and questions; and a managerial agenda on the value of implementing the theoretical and empirical agenda. Each section is also broken down by research opportunities for studies focusing solely on macro country-level analysis and integrating macro country-level with micro-level organizational analysis.

How scholars can advance theoretical knowledge on national customer orientation

A better understanding of drivers, mediators, moderators and consequences of national customer orientation is crucial for scholars to develop a reliable macro-marketing or customer-based benchmark. Thus, we now outline potential research avenues on the national customer orientation construct.

Use of national customer orientation on country-level research. We identify three themes for how future research can contribute to advances in scholarly research and managerial practice. First, future research should directly build on our propositions to identify hypotheses for how national customer orientation varies across countries and over time and the boundary conditions or contingencies that will alter these hypotheses. For example, economic crises often vary in duration, in depth, and in recovery (Dekimpe and Deleersnyder, 2017), so the magnitude of impact on national customer orientation from each crisis is likely to vary. In addition, scholars will note that while GDP per capita is often considered as the average income per person in a country, it is also a broad macro-economic measure that is comprised of all personal consumption, private investment, government spending and balance of payments (exports minus imports) in a country (Bernanke *et al.*, 2019). Thus, future research should expand on our conceptual framework to:

- analyze whether all global economic crises reduce the level of national customer orientation in countries or whether there is some threshold that needs to be crossed for national customer orientation to remain invariant;
- identify what causes national customer orientation to recover in certain countries from a global economic crisis sooner than others; and
- determine the suitable components and sub-components related to GDP per capita that can most (least) directly explain national customer orientation.

Second, at a broad level, the development of a national customer orientation construct should assist future cross-national marketing and consumer behavior studies. Cross-national marketing strategy research has focused on, among other topics, standardization versus adaption to new country markets (Venaik and Midgley, 2019), innovation (Mooi *et al.*, 2020) and managerial use of information (Mintz *et al.*, 2021). Further, cross-national international marketing and IB research has also investigated various cross-national differences in consumer behavior topics such as trust (Steenkamp and Geyskens, 2006), country-of-origin brand imaging (Crouch *et al.*, 2021), culture and cultural distance (Sinha *et al.*, 2019) and the importance of social networking (Krishen *et al.*, 2019). In addition, the IB literature focuses on potentially marketing-related topics such as the importance of foreign investments (Hu *et al.*, 2021), mergers and acquisitions (Zhou *et al.*, 2016) and research and development strategies (Wang *et al.*, 2020).

However, currently, these studies have not incorporated any macro country-level customer-based characteristics such as national customer orientation but instead relied on macro-economic, macro-geographic or macro-cultural characteristics to account for cross-national differences. Hence, the ability to use national customer orientation offers a potential opportunity to expand these areas of research by including a new construct that can help explain some of the underlying differences between and across countries. Thus, future research could:

- use national customer orientation as a macro-customer country-level based benchmark for cross-national consumer research, such as for studies on country-of-origin imaging, customer choices, trust in businesses and on consumers' social networks; and
- use national customer orientation as a macro-customer country-level based benchmark for cross-national marketing strategy research, such as for studies on globalization vs standardization, diffusion of innovations, metric use and market entry strategies.

Third, the COVID-19 pandemic caused a health-based economic crisis that resulted in customers' safety based fears changing their behaviors, which in turn also lead to a simultaneous financial crisis (Deshpandé *et al.*, 2020). The dramatic change in what consumers and firms purchased, how they purchased, the locations they worked and how consumers and firms communicated should have forced firms around the world to become more customer-centric than in previous financial-based recessions that more directly impacted finances over behaviors (Mintz, 2021). Hence, future research should:

- examine the COVID-19 pandemic's short- and long-term effects on national customer orientation;
- compare and contrast the effect of the COVID-19 pandemic with other global economic downturns, such as the GFC; and
- analyze how national customer orientation varied based on countries health and economic responses to COVID-19.

Integrating national customer orientation with micro firm-level research. In contrast to previous smaller sample based scholarly research at the micro firm-level to explain macro country-level differences, the establishment of a national customer orientation construct enables researchers to address the relative importance of characteristics of the country, the industry and the firm on customer orientation. This type of investigation will enable researchers to overcome a repeatedly noted criticism of research in the international marketing and IB literatures to account for multiple levels of abstraction (Kirkman *et al.*, 2006; Tung and Stahl, 2018) and address the false dichotomy that, according to Farley and Lehmann (1994, p. 112), negatively affected much of cross-national marketing research, i.e. polarization of views between "everything is the same" versus "everything is different" across and within countries. Hence, future research should:

- leverage the development of a national customer orientation construct to integrate macro country-level customer-based benchmarks with micro organizational-level customer orientation and meso industry-level customer orientation into a single framework; and

- investigate whether customer orientation from firms that compete in new country markets affects the national customer orientation in a country or if the national customer orientation of a country affects the customer orientation of the new firms.

In addition, it is likely that a country's national customer orientation is driven by subgroups within the country (Kievit *et al.*, 2013). This is statistically referred to as heterogeneity in effects and can be addressed by the application of latent class or finite mixture models aimed at identifying latent segments in the data for which our propositions hold and do not hold (Andrews *et al.*, 2002; Andrews and Currim, 2003). Hence, opportunities exist for researchers and managers to identify sub-groups such as certain firms and industries within countries for when our propositions will and will not hold. Thus, future research could:

- identify why our propositions do and do not hold for groups of industries and firms within countries and how those differences impact national customer orientation scores; and
- use multivariate techniques such as latent class analysis to identify cross-country, industry and firm segments for when the propositions do and do not hold.

Empirical approaches to test the national customer orientation concept

This section addresses two questions. First, what are the empirical or data options to test the research questions and targeted research topics outlined above? Second, what are the pros and cons of each data option (e.g. the availability and cost of data collection)? We discuss main data options at the country (macro) and organization (micro) levels.

Macro country-level data. To empirically test our conceptual framework and propositions at the country-level most likely requires researchers to use data from internationally recognized organizations that possess the resources and connections needed to collect information from a large number of countries, a large number of companies in each country and for a sustained or long period of time. At this time, to our best knowledge, the WEF's GCR, is the only available extant data on national-level customer orientation and national customer price sensitivity.

The WEF's GCR captures the opinions of over 14,000 business leaders from over 120 countries on an annual basis in its executive opinion survey and uses a methodology involving data treatments, weighted averages and multiple techniques to compute country averages on individual measures. The WEF's GCR provides three attractive features for those interested in using it to empirically test our conceptual framework and propositions:

- coverage of a large number of countries (112 countries), which is useful to explain cross-sectional variation across countries;
- number of businesses (over 14,000 businesses in total from over 120 countries), which is useful to ensure a decent number of businesses are included per country; and
- panel data collected annually between 2007–2017, which is useful to explain variation of customer orientation over time [1].

All three attractive features of the data are well suited to determine whether a country's wealth effects its customer orientation through its effect on its customer price sensitivity, and whether such effects are moderated by a global economic downturn such as a recession, but not the COVID-19 pandemic.

However, the WEF's GCR data also currently has at least three less than attractive features. First, the details on each country's sample representativeness and data aggregation techniques remain opaque. Second, the data on national customer orientation does not appear to be available before 2007 or after 2018, which limits the time period of any study and restricts its analysis to just one global economic downturn. Third, the two potential measures most related to national customer orientation in the WEF GCR are single-item measures that do not necessarily overlap to their peer-reviewed organizational-level customer orientation counterparts [2]. In addition, the WEF's GCR potential measure for national customer price sensitivity is a single-item measure. Thus, these less than attractive features may results in scholars questioning the validity and reliability of the WEF's GCR provided national-level measures.

In contrast to the aforementioned limited data on national customer orientation and national price sensitivity, data on the wealth of a country, such as GDP per capita, and monetary, fiscal, structural, technological, educational and demographic variables can be taken directly from the World Bank Databank or other readily available data sources such as the WEF's GCR. Data on global economic shocks, such as the GFC, can be collected and specified based on data and definitions from the U.S. Federal Reserve Bank or the International Monetary Fund. Thus, to summarize current secondary data options:

- WEF data provides annual measures for a decade on national customer orientation and price sensitivity for over 100 countries, but these measures are single-item measures and based on an opaque data sample.
- World Bank, International Monetary Fund and U.S. Federal Reserve Bank provide readily available data on a number of macro-economic variables.

Micro organization-level data. An alternative option for research aimed at testing the national customer orientation framework and propositions is for scholars to collect micro organizational-level customer orientation data. This is the current common approach used by scholars trying to understand how customer orientation varies across organizations, not countries (Table 1). However, it is possible that such data may be repurposed to understand how customer orientation varies across countries, which inherently has, at least, three positive and three less than positive features.

The first positive feature of using organizational-level data is researchers can use the commonly used customer orientation scale items from previous peer-reviewed published literature. This can provide researchers' (and reviewers) confidence in the measured customer orientation construct based on its theoretical and empirical precedence. The second positive feature is scholars can typically also collect information on several other important micro organizational-level and meso industry-level variables, such as the firm's size, performance, financial and strategic characteristics, target customer market (B2B vs B2C), industry characteristics and number of countries in which it operates. The third positive feature is using organizational-level controls makes it theoretically possible to reweight the collect data so that the sample of organizations collected is representative of the organizations in a particular country.

In contrast, the first negative feature of using organizational-level data is that the sample size required for empirical estimation requires reaching a sufficient number of firms within and across countries, which is typically beyond both the financial and human resource capabilities for almost all researchers. The second negative feature is the difficulty for researchers to collect data at the micro organizational-level over a sustained longer period of time, such as the WEF's GCR's ten-year period. The third negative feature is peer-reviewed established measures of micro organizational-level customer orientation typically comprise of an eight-item measure (Deshpandé and Farley, 1998; Mintz *et al.*, 2021), which may create a barrier for time-constrained executives (de Jong *et al.*, 2009). These three reasons create a major barrier for future studies on macro country-level customer orientation or additional macro-marketing or customer-based benchmarks. Hence, most cross-national research on micro organizational-level customer orientation listed in Table 1 have needed to rely on meta-analyses combining individual studies or empirical tests with a limited number of countries or a limited number of firms that have offices in a number of countries at a single point of time. Thus, to summarize:

- Data on customer orientation at the micro-firm level can be based on scales that have precedence in the customer orientation literature and enable researchers to have better transparency based on a primary data collection procedure.
- Data on customer orientation at the micro-firm level for a large number of countries is costly, time consuming and requires broad participation of firms and industries within each country.

As a path forward, we advise future researchers to attempt to collaborate with international organizations, such as the WEF, so that the less than positive features with their datasets can be assessed and overcome for scholarly research to advance in this area. However, if partnerships between scholars and international organizations are unattainable, then we recommend scholars to use both macro country-level data from such organizations and augment this data with additional collected at the micro organizational-level. This combination of macro country-level and micro organizational-level data would then enable researchers to establish country-level baselines of national customer. Finally, we advise researchers to be forthcoming with their data limitations but we also urge editors and reviewers to consider the trade-offs between using secondary and primary data sets to address unexplored research questions and the academic rigor typically required in data needed to publish in top marketing journals. Consequently, we summarize the empirical strategy as:

- Researchers need to make trade-offs between market and customer orientation measures commonly used in micro-firm literature and data available from international organizations.
- Researchers should attempt to collaborate with international organizations that have the resources and capabilities to spearhead data collection efforts across a substantially large number of countries continuously over a number of years.

How managers can benefit from advances in knowledge on national customer orientation?

This section addresses two main questions to provide recommendations for how the use and future research on national customer orientation can help headquartered global and country managers better manage customer orientation all over the world and over time. The first question is how can managers benefit from advances in practical knowledge on national customer orientation? The second is how can managers benefit from integrating national customer orientation with micro-firm and meso-industry variables?

Use of national customer orientation to benefit managers. The national customer orientation construct's primary managerial contributions lies in its ability to assist global marketing, international segmentation and international market entry strategy decisions

(Marchi *et al.*, 2014; Venaik and Midgley, 2019). First, the establishment of a national customer orientation construct can address the consistent and continual problem identified by top executives (e.g. CEOs and CMOs) of many global firms; who when seeking to be customer-centric, report that urging their foreign offices to adopt such a focus often encounters substantial resistance from local managers (Isobar, 2019). For example, if top executives of a global firm are attempting to make their local offices in El Salvador and Nicaragua more customer-centric and oriented, they can use our proposed national orientation construct to understand that the baseline national customer orientation may be greater in El Salvador than Nicaragua because of El Salvador having greater GDP per capita and lower price sensitivity than Nicaragua. This understanding contrasts with believing that differences in the customer orientation between their El Salvador and Nicaragua offices was solely a function of the execution and implementation of marketing efforts in those countries. Moreover, these top executives can use our framework to potentially understand that national customer orientation in El Salvador and Nicaragua are each reduced during global economic shock relative to non-shock time periods. Such a potential understanding would allow top executives to directly compare their efforts to get the local offices to become more customer oriented in each of the two periods (recessions versus stable periods). Thus, managers can benefit from the national customer construct to:

- better judge firm's customer-centric strategies relative to benchmarks for these countries; and
- compare firm's customer-centric strategies across countries while accounting for national customer orientation benchmarks.

Second, the use of a national customer orientation measure can help overcome the lack of customer or marketing-based dynamic benchmarks, which has made it difficult for firms to decide on cross-national strategies needed to employ across markets beyond relying on economic, geographical, or cultural indicators (Chung, 2010). Hence, in addition to the provision of benchmark levels per country and over time, top executives of global firms can use our framework to develop across-country segmentation strategies based on the similarity of national customer orientation scores, in contrast to relying solely on economic and cultural indicators (Budeva and Mullen, 2014). Thus, managers could use national customer orientation to:

- identify the level of customer orientation needed for their market entry and everyday tactical decisions; and
- create segments of countries based on their levels of customer orientation, such as Bulgaria, Cameroon, Paraguay and Vietnam, if these countries have similar low national customer orientation scores, rather than geographically close countries that may have dissimilar customer orientation scores, such as Japan, South Korea and China.

Use of national customer orientation integrated with micro firm-level constructs to benefit managers. Integrating macro-country national customer orientation benchmarks with meso-industry and micro-firm customer orientation benchmarks will enable global executives to form more realistic expectations about how much a particular firm's customer orientation practices should vary relative to their peers both across and within countries, industries and firms. In addition, while the focus in this paper so far has been on the importance for research to establish antecedents of national customer orientation, it will be equally important for managers to conduct research that establishes the consequences of national customer orientation. Researchers and practitioners can build on our conceptual framework by considering several key performance outcomes or consequences resulting from the level of national customer orientation across countries and time such as customer satisfaction, profits of companies operating in the country, the standard of living, stock market returns, etc. The establishment of findings of national customer orientation's consequences can provide managers clear evidence for how customer orientation can both positively and negatively affect firm performance, a potential solution to the problem that critics of international marketing and IB literatures often discuss, i.e. these literatures over-focus on either positive or negative effects but not both (Stahl and Tung, 2015; Tung and Verbeke, 2010). Consequently, future research can help benefit managers by:

- identifying the conditions in which it benefits (and harms) firms to enact greater customer orientation in comparison to their micro organizational-level, meso industry-level and macro country-level peers; and
- investigating the types of performance metrics that result in greater performance when firms enact greater customer orientation than their micro organizational-level, meso industry-level and macro country-level peers.

The use of the national customer orientation construct should also assist managers with their assessments of global marketing-mix efforts (Kübler *et al.*, 2018). For example, past marketing-mix response model efforts have typically relied on data from online purchases or scanner panels at the consumer or brand-level (Bahadir *et al.*, 2015; van Heerde *et al.*, 2013). However, the data used in those studies can only contain a small number of countries and firms within those countries. The proposed national customer orientation and national price sensitivity constructs enable managers a method to enhance their marketing-mix response modeling efforts by accounting for a greater number of countries and by enabling the inclusion of controls for national macro-customer characteristics that also effect customer reactions to marketing-mix efforts. Further, managers should benefit from research that assess the conditions of national customer orientation when particular types of marketing-mix efforts result in better marketing-mix performance. Thus, future research can help benefit managers by:

- enabling the use of macro-marketing country-level controls when assessing marketing-mix response model efforts; and
- identifying the types of marketing-mix efforts that work best for firms competing in countries with similar (and dissimilar) national customer orientation scores.

Conclusion

This research develops a new country level customer-based construct – national customer orientation – and a conceptual framework and propositions on drivers, mediators and moderators of the new construct. For both theory and practice, where customer-centricity and customer-oriented companies are an increasingly normative goal (McKinsey and Company, 2017), establishing national customer orientation benchmarks across countries and drivers of such benchmarks over time are important to set expectations and better understand whether companies are operating or should operate above or below the baseline-level in a particular country at a point in time. Future research on national customer orientation offers important opportunities to advance both theory and practice in addition to complimenting the rich literature and knowledge on firm-level customer orientation. We hope our agenda outlining theoretical, empirical and managerial opportunities inspires further development of the national customer orientation construct so managers and scholars can regularly employ micro- and macro-level marketing benchmarks, similar to how the development of a theory of national culture (Hofstede, 1980; House *et al.*, 2004) and its organizational culture compliment (Cameron and Quinn, 2011; Deshpandé *et al.*, 2000) substantially influenced IB, marketing and management practice and scholarly work.

We believe the proposed national customer orientation construct offers exciting opportunities for scholars and managers to incorporate country-level macro-marketing constructs and decisions to complement macro-economic country-level, micro organizational-level and meso industry-level constructs. We acknowledge the empirical challenges that may limit the widespread use of national customer orientation but hope that scholars and managers can collaborate with international organizations to conduct important and needed research in this area. We hope the results of that future research will assist managers and richen international marketing and IB research on a variety of important topics.

Notes

1. For further details about the WEF's GCR, we refer readers to Section 1.3 of the 2015–2016 WEF's GCR or Appendix C of the 2017–2018 WEF's GCR.
2. The two potential WEF's GCR measures most related to national customer orientation in the WEF's GCR are the following. The first is labeled by the WEF's GCR as "degree of customer orientation" and is measured as: "in your country, how well do companies treat customers? [1 = poorly – mostly indifferent to customer satisfaction; 7 = extremely well – highly responsive to customers and seek customer retention]." The second is labeled by the WEF GCR as "extent of marketing" and is measured by the WEF GCR in its Executive Opinion Survey as: "in your country, how successful are companies in using marketing to differentiate their products and services? [1 = not successful at all; 7 = extremely successful]." The potential WEF GCR measure most related to national customer price sensitivity is labeled by the WEF's GCR as "buyer sophistication," and measured in its executive opinion survey as: "in your country, on what basis do buyers make purchasing decisions? [1 = based solely on the lowest price; 7 = based on sophisticated performance attributes]."

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About the authors

Ofer Mintz is Associate Professor of Marketing and Associate Head (External Engagement) of the Marketing Department at the UTS Business School and Research Associate at the Australia–China Research Institute at the University of Technology Sydney. Ofer Mintz is the corresponding author and can be contacted at: Ofer.Mintz@uts.edu.au

Imran S. Currim is UCI Distinguished Professor, Professor of Marketing, and Director, Beall Center for Innovation and Entrepreneurship at the Paul Merage School of Business, University of California, Irvine.

Rohit Deshpandé is Sebastian S. Kresge Professor of Marketing at Harvard Business School.