

Internet, Market Orientation and Customer Perceived Value: An Integration and Empirical Examination

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Customer focus being at the heart of a market orientation, a market-oriented organization is committed to generate superior value for customers. The Internet shows a great potential for information acquisition, sharing and dissemination, all of which are essential processes of market orientation. Yet, the emerging role of the Internet as a new and revolutionary way of performing market orientation has been patchy, with lacuna of theoretical frameworks and models. The nature of market orientation on the Internet particularly the mechanisms and intermediated variables underlying the relationship between market orientation and customer perceived value on the Internet remains an area of ambiguity. Drawing upon the market orientation theory and the consumption-values theory, the conceptual framework conjectures the mechanism underlying the relationship between market orientation and customer perceived value on the Internet with the use of a mediator called information-based value creation. Following the positivistic research paradigm and quantitative research design, face-to-face questionnaire survey was adopted. In order to meaningfully measure the research gap, a research setting where both sides of the service exchange are in a qualified position to assess the relationship between market orientation and customer perceived value was required. Data stemmed from 116 hotels, involving 116 managers and 644 tourists were used to assess the proposed relationships in the hotel industry in Sri Lanka using Partial Least Squares-Structural Equation Modelling. The findings demonstrate that the relationship between market orientation and customer perceived value on the Internet is mediated by information-based value creation in a complementary pattern. Moreover, the findings indicate that the proposed framework explains 96.6% of the variance in information-based value creation and 92.2% of the variance in customer perceived value, providing strong evidence of its explanatory power. The findings are useful for hotels to deliver superior value to their customers through proper integration of the Internet into market orientation process. The significance of this study stems from theory triangulation. Dyadic data collection and Partial Least Squares-Structural Equation Modelling are significant and novel contributions in terms of methodology.

Keywords: Customer perceived value, hotel industry, information-based value creation, internet, market orientation